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February 8, 1999

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: Ex Parte Filing — CC Docket No. 96-61

Dear Ms. Salas:

The Telecommunications Management Information Systems Coalition (the "Coalition") and the Telecommunications Research & Action Center ("TRAC") submit this letter in the above-referenced proceeding ("detariffing proceeding") to urge the Commission to resolve promptly the pending petitions for further reconsideration and to reinstate a public disclosure requirement for mass market telecommunications services.

The Coalition and TRAC attach a copy of a recent survey prepared by the American Association of Retired Persons, *Long-Distance Callers' Awareness and Use of Various Telephone-Related Options: Findings from an AARP Survey* (AARP Public Policy Institute, 1998) (the "AARP Survey"). The AARP Survey demonstrates that, because they lack adequate information, many consumers are unable to benefit fully from competition in the long distance market. The AARP Survey reviewed, among other things, the percentage of consumers in different age groups that have discount plans for their long-distance services and the percentage that have switched long-distance service providers. The AARP Survey found that only 38% of all consumers, and only about 26% of consumers over the age of 65, are on long-distance discount plans.<sup>1</sup> The AARP Survey also found that 58% of customers ages 18-49 had switched long-distance providers, but only 39% of those age 65 and older had done so.<sup>2</sup>

<sup>1</sup> Christopher A. Baker, *Long-Distance Callers' Awareness and Use of Various Telephone-Related Options: Findings from an AARP Survey*, Public Policy Institute, 1998, at iv, v, 20, 30, 31.

<sup>2</sup> *Id.* at iv, 17, 30.

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Magalie Roman Salas  
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Similarly, less than half of all respondents had shopped for the best price on their long-distance service, and fewer than a third of those surveyed over age 65 had even searched for lower rates.<sup>3</sup>

When it comes to advertising of long-distance services, the AARP Survey found that although 90% of respondents have recently seen or heard such advertisements, only 30% of all respondents (and only 21% of those over age 65) reported relying on this advertising.<sup>4</sup> The Coalition and TRAC submit that this low level of attention to long-distance advertising reflects the confusing and misleading nature of much of such advertising.

The AARP Survey concluded that its results were due, at least in part, to the fact that "long-distance callers are misinformed and/or lack essential information about their telephone-related options."<sup>5</sup> More specifically, long-distance callers "do not fully understand the pricing of and potential savings on their long-distance telephone service . . . [and] do not understand how simple it is to use a discount calling plan and the amount of money it can save."<sup>6</sup> The AARP Survey also concludes that its results support the conclusion that "callers simply do not realize that they could be paying less . . . ."<sup>7</sup>

In its conclusions, the AARP Survey's authors urged the following policy actions: (1) that the federal government require uniform price disclosures on long-distance bills to make it easier for consumers to compare prices; (2) that the federal government require long-distance carriers to list on monthly bills the lowest-cost calling plan for which the customer is eligible; and (3) that state policymakers create and fund customer education programs for long-distance services, with specific resources allocated for educating customers about discount calling plans.<sup>8</sup>

The reinstatement of a public disclosure requirement for mass market telecommunications services will also help to serve the same goals because it will

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<sup>3</sup> *Id.* at iv, 18, 30.

<sup>4</sup> *Id.* at 21.

<sup>5</sup> *Id.* at v, 31.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at vi, 32.

<sup>8</sup> *Id.*

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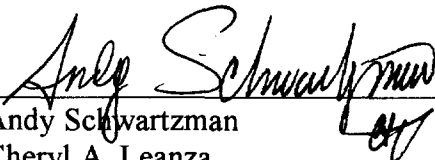
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permit public interest groups, consumer groups, and private companies that compile rate information to synthesize and present this information to residential and small business consumers, thus improving the quality and clarity of long-distance rate information available to consumers and bringing the benefits of competition to all consumers.

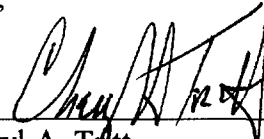
Accordingly, the Commission should promptly resolve the pending petitions for further reconsideration and require that, for mass market services, carriers disclose their basic service information to the public consistent with the recommendations of the Coalition and TRAC in this proceeding.

Two copies of this letter have been submitted to the Secretary of the Commission for inclusion in the public record, as required by Section 1.1206 of the Commission's rules.

Sincerely,

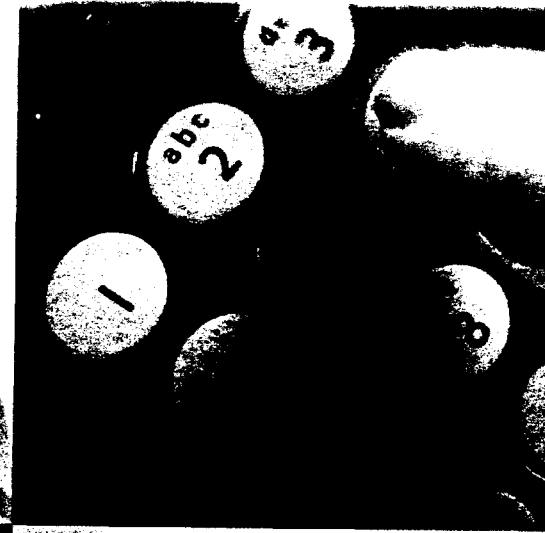
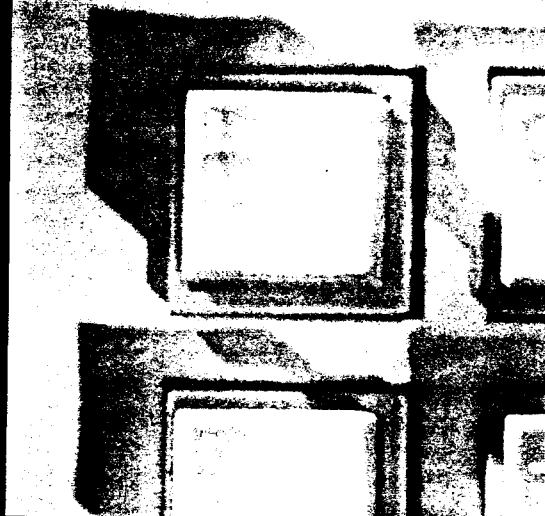
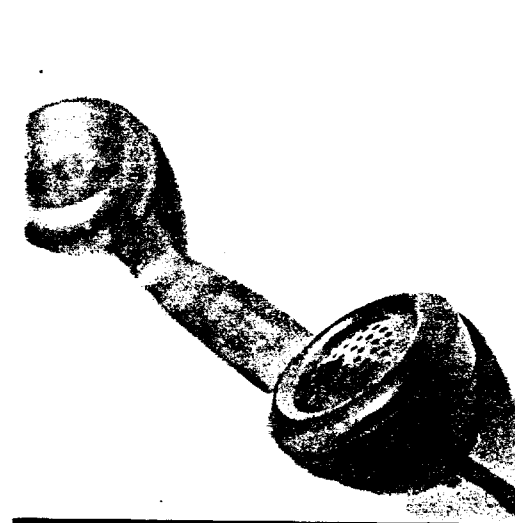
  
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# Long-Distance Callers' Awareness and Use of Various Telephone-Related Options

Findings from an AARP Survey

Public Policy Institute

# **Long-Distance Callers' Awareness and Use of Various Telephone-Related Options**

**Findings from an AARP Survey**

by Christopher A. Baker  
Public Policy Institute

The Public Policy Institute, formed in 1985, is part of the Research Group at AARP. One of the missions of the Institute is to foster research and analysis on public policy issues of interest to older Americans. This publication is part of that effort. The views expressed herein are for information, debate and discussion, and do not necessarily represent the formal policies of the Association.

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## **Acknowledgements**

The author is grateful to the many staff within AARP who contributed to this project. Jane Takeuchi deserves special recognition for her efforts. Without the benefit of her methodological expertise, this report would not have been possible. The author also appreciates the helpful review comments of Susan Weinstock, Jeff Kramer, and Jane King, and the assistance of Robert Bectel with data analysis.

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## Background and Purpose

The cost of telephone service for consumers who make long-distance calls can differ greatly among long-distance service providers. Even within a single-service provider, the cost of a particular service can vary significantly, as most companies charge several different rates for the same service. Thus, many long-distance callers can either achieve significant savings or pay unnecessarily high rates, depending on the choices they make.

Consumers can save money on their long-distance calling in a variety of ways. They can shop around for the best price before opening an account with a long-distance company, switch their long-distance company to get a cheaper rate, subscribe to a discount calling plan, call during off-peak times when long-distance rates are lower than full price, or dial a special five-digit number before making a long-distance call. Depending on the individual household and on the method or methods it employs to cut costs, considerable savings are possible. Nevertheless, research shows that many long-distance callers are not taking advantage of these opportunities. In fact, a 1997 report by the United Homeowners Association states that three in five households, or nearly 56 million American homes, do not belong to a discount long-distance calling plan, which is one of the easiest and best ways to save money on long-distance calling.<sup>1</sup>

Little research has been done, however, to determine who these consumers are and why they

are not using lower-cost long-distance service. Research is also needed to learn which long-distance consumers are using other telecommunications-related services, such as call-waiting, touch-tone dialing, and online services via a computer and a modem. This study focuses on long-distance callers age 18 and over to learn whether awareness and use of telecommunications-related options, particularly long-distance cost-saving options, differs by the age of the caller.

## Methodology

AARP's survey was conducted by International Communications Research (ICR) of Media, PA between December 18, 1997 and February 3, 1998 as part of an EXCEL Omnibus telephone survey. A total of 2,369 respondents aged 18+ were asked if they made long-distance calls from their home. Of those respondents, 1,997 answered in the affirmative and were selected to complete the remainder of the survey.

One goal of the survey was to be able to compare findings across different age groups of the U.S. adult population with a focus on persons 50 years or older. As such, it was necessary to sample larger numbers of older persons, particularly those age 75 and older, than would have been necessary to examine the findings only for the population as a whole. The resulting sample included sufficient numbers of persons age 18-49 (536), persons age 50-64 (494), persons age 65-74 (519), and persons age 75 and over (414) to enable analysis by age.<sup>2</sup> When findings are presented for the entire sample, representing the

## Executive Summary

U.S. population as a whole, the findings for older persons are weighted in proportion to their known percentages in the total population of the United States (which are smaller relative to the proportion of the population that is less than 50 years old).<sup>3</sup>

All differences among age groups that are highlighted in the text are statistically significant at the .05 level unless otherwise indicated. The margin of error for a question involving all 1,997 respondents is approximately plus or minus two percentage points, but may be greater when subgroups are compared with each other.

An annotated copy of the survey questionnaire appears in the Appendix.

### Key Findings

- More long-distance callers age 18-49 (58%), as compared to those age 65 or over (39%), say they have switched their provider of long-distance service to get a cheaper rate.
- While nearly half of long-distance callers age 18-49 report that they search among long-distance telephone service providers for the least expensive rate, less than a third of those age 65 or over do.
- Relatively few long-distance callers age 18-49 (41%) and even fewer age 65 or over (26%) report that they subscribe to a discount calling plan.
- More than seven in 10 respondents age 18-49, but fewer than half of respondents age 65 or over who use one or more of the three cost-cutting methods (see Figure 14) know how much it is saving them.
- Among respondents who say they do not use cost-cutting methods, fewer of those age 18-49 (37%), as compared to those age 50 or over (62%), say they do not know how much money they would have to save on their monthly long-distance bill to make it worthwhile to use one or more of the three cost-cutting methods.
- While insufficient savings is the most commonly cited reason for not using one or more of the three cost-cutting methods, seven in 10 respondents do not identify this as a primary reason, a finding which is consistent across age groups.
- Just six in 10 of all respondents and about four in 10 of those age 75+ are aware of any ways they can save money on long-distance calling.
- Awareness of ways to save on long-distance calling only marginally increases the likelihood that a respondent, regardless of age, will use any of the cost-saving methods discussed in this report.
- A significant percentage of long-distance callers (37%) do not pay attention to how much long-distance telephone service costs them each month; callers age 75+ (48%), in particular, do not pay attention to these costs.
- More than three in four respondents report that they are either getting a good deal on their long-distance service or paying about what the service is worth, a finding that is consistent across age groups.

- Considerably more respondents age 18-49, as compared to those age 65 or over, subscribe to call-waiting (55% vs. 18%) and to online services via a computer and a modem (31% vs. 9%).

## Conclusion

In today's telecommunications industry, long-distance callers first choose a long-distance provider through their local telephone company when their telephone is connected. No further action, other than paying the monthly bill, is necessary to make long-distance calls from home. However, long-distance callers have a number of other telephone-related options that could save them money on their monthly bills or allow them to enjoy additional services. Regrettably, many callers and particularly older callers do not take advantage of these options. This report suggests that a primary reason for this behavior is that long-distance callers are misinformed and/or lack essential information about their telephone-related options. As a result, they pay unnecessarily high rates for long-distance service and miss out on useful services.

Subscribing to a discount calling plan, for example, is one of the easiest and best options available for long-distance callers to save money on long-distance calling. While it does not require callers to cut back on their usage or receive inferior service, subscribing to a discount calling plan would save even low-volume callers 25 percent on their monthly bill, according to the United Homeowners Association.<sup>4</sup> Despite the substantial savings and ease of use, only 38 percent of all

long-distance callers and only 26 percent of callers age 65 or over say they belong to a discount plan.

Long-distance callers give a number of reasons for not using a cost-cutting method such as a discount calling plan. Their explanations, however, indicate that they do not fully understand the pricing of and potential savings on their long-distance telephone service. Some callers even acknowledge their lack of information and report that they "don't know," "don't understand how they work," or "are not aware of them." Even the six in 10 long-distance callers who say they are aware of various cost-saving methods report only marginally higher usage of the various methods to obtain those savings.

Other reasons given for not using a cost-saving method include "do not want to switch long-distance service providers," "concerned it takes too much time," "can afford the charges," or "do not believe the savings are big enough." These responses also imply that long-distance callers do not understand how simple it is to use a discount calling plan and the amount of money it can save.

Almost half of long-distance callers who pay basic (non-discount) rates have no idea how much they would have to save to make it worthwhile to use a cost-cutting method, further evidence that they are not well-informed. Even those who pay basic rates and know how much they would have to save to use a cost-cutting method appear to lack accurate information. On average, the amount of money that these callers estimate they would need to save to use a cost-cutting method is less than

the amount that callers who currently use these methods report they are saving.

It is not just callers who pay basic rates, however, who lack essential information. Even callers who do use one or more of the cost-cutting methods appear to lack information. In fact, many of them report that they do not know how much they are saving by avoiding basic rates.

Finally, one finding may appear inconsistent with the various findings that show lack of usage of cost-savings methods. More than three in four long-distance callers say that they are either paying about what the service is worth or getting a good deal. One might conclude from this that no further action is needed to inform them of opportunities for further savings.

An alternative conclusion is that callers simply do not realize that they could be paying less. Two findings in this report seem to support this second conclusion. First, nearly four in 10 callers do not pay attention to how much their long-distance service costs them each month. Callers who do not know how much they are paying for long-distance service are not well-informed judges of whether they are getting a good deal or paying what the service is worth. Second, just under half of all long-distance callers and less than a third of those age 65 or over report that they search among long-distance telephone service providers for the least expensive rate. Callers who do not compare rates are not well-informed judges of whether they are getting a good deal or paying what the service is worth.

## Policy Options

Many long-distance callers and particularly older callers do not take advantage of opportunities to save money on their monthly long-distance bills. The following changes could help all long-distance callers become better informed about the cost of the various long-distance calling options and avoid paying unnecessarily high rates:

- The federal government could require uniform price disclosures on monthly long-distance bills to make comparison shopping easier for consumers. In particular, the government could ensure that all monthly bills include a clear and conspicuous section that identifies the following information about the consumer's current calling plan: the name of the plan, the price per minute to make long-distance calls (if the price varies by time of day, each different rate should be listed), and any monthly fees and/or minimums.
- The federal government could require each long-distance service provider to include on monthly bills its lowest cost calling plan for which the customer is eligible. Monthly bills also could include a toll-free telephone number to enable customers to find out what they would have paid had they subscribed to any of the provider's plans during the previous billing period.
- State policymakers could create and fund customer education programs for telecommunications competition, with specific resources allocated for educating consumers about discount calling plans and other options, rights and responsibilities in using long-distance service.

## **Background and Purpose**

For much of this century, most residential customers have had no choice regarding their telephone service. The only telephone company was AT&T (or its subsidiary), and the only telephone service provided was basic service, that is, a telephone and a dial tone.

Over the past 20 years, however, advances in technology and changes in public policy have led to the advent of choice for telephone users and transformed the single-service telephone industry into the multi-service telecommunications industry. Now, in addition to a dial tone, consumers can also subscribe to long-distance discount calling plans, Internet access plans, and services such as call waiting and call blocking. They can choose between renting and owning their telephone and from among a number of long-distance telephone companies. Most consumers also may soon have a choice of local telephone service providers.

Clearly the telecommunications industry is evolving to provide consumers with more options. What is less evident, however, is the extent to which consumers are aware of their existing choices and willing to choose service that is different from the service they currently have.

The cost of telephone service for consumers who make long-distance calls can differ significantly among long-distance service providers. Even within a single service provider, the cost of a particular service can vary greatly, as most companies charge several different rates for the

same service. Thus, many long-distance callers can either achieve significant savings or pay unnecessarily high rates depending on the choices they make.

Consumers can save money on their long-distance calling in a variety of ways. They can shop around for the best price before opening an account with a long-distance company, switch their long-distance company to get a cheaper rate, subscribe to a discount calling plan, call during off-peak times when long-distance rates are lower than full price, or dial a special five-digit number before making a long-distance call. Depending on the individual household and on the method or methods it employs to cut costs, considerable savings are possible. Research indicates, however, that consumers are not taking advantage of at least one telephone-related option that could benefit them. According to a 1997 report by the United Homeowners Association,<sup>5</sup> three in five households, or nearly 56 million American homes, do not belong to a discount long-distance calling plan, which is one of the easiest and best ways to save money on long-distance calling. The report indicates that these customers could reduce their bills by 25 percent, the equivalent of three months of free long-distance calling a year, by joining a carrier's discount calling plan. The report estimates that, collectively, these residential consumers are paying about \$2 billion a year more than they might otherwise pay for long-distance service. Little research has been done, however, to deter-

## **Long-Distance Callers' Awareness and Use of Various Telephone-Related Options: Findings from an AARP Survey**

mine who these consumers are and why they are not using lower-cost long-distance service. Research is also needed to learn which long-distance consumers are using other telecommunications-related services, such as call-waiting, touch-tone dialing, and online services via a computer and a modem. In this report, AARP studies long-distance callers age 18 and over to learn whether awareness and use of telecommunications-related options, particularly long-distance cost-saving options, differ by the age of the caller.

### Methodology

A survey was conducted by International Communications Research (ICR) of Media, PA between December 18, 1997 and February 3, 1998 as part of an EXCEL Omnibus telephone survey. A total of 2,369 respondents age 18+ were asked if they made long-distance calls from their home. Of those respondents, 1,997 answered in the affirmative and were selected to complete the remainder of the survey. Table 1 characterizes survey respondents by gender, household income, and education.

One goal of the survey was to be able to compare findings across different age groups of the U.S. adult population with a focus on persons 50 years or older. As such, it was necessary to sample larger numbers of older persons, particularly those age 75 and older, than would have been necessary to examine the findings only for the population as a whole. The resulting sample included sufficient numbers of persons age 18-

49 (536), persons age 50-64 (494), persons age 65-74 (519), and persons age 75 and over (414) to enable analysis by age.<sup>6</sup> When findings are presented for the entire sample, representing the U.S. population as a whole, the findings for older persons are weighted in proportion to their known percentages in the total population of the United States (which are smaller relative to the proportion of the population that is less than 50 years old).<sup>7</sup>

All differences among age groups that are highlighted in the text are statistically significant at the .05 level unless otherwise indicated. The margin of error for a question involving all 1,997 respondents is approximately plus or minus two percentage points, but may be greater when subgroups are compared with each other.

An annotated copy of the survey questionnaire appears in the Appendix.

## Demographic Characteristics of Survey Respondents

Table 1

Demographic Characteristics (Unweighted (n))* (Weighted (n))*	Total (n=1,997)** (n=1,624)** %	Age 18-49 (n=536) (n=1,010) %	Age 50-64 (n=494) (n=328) %	Age 65-74 (n=519) (n=153) %	Age 75+ (n=414) (n=81) %
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### Gender

Male	47	54	48	44	40
Female	54	46	52	56	60

### Household Income

Less than \$15K	17	11	10	21	29
\$15K - \$24.9K	16	11	15	19	21
Under \$25K (unspecified)	2	2	1	3	4
\$25K and over (unspecified)	3	2	3	4	4
\$25K - \$39.9K	18	21	21	20	11
\$40K - \$49.9K	8	12	9	7	5
\$50K +	22	32	31	13	9
Don't Know/Refused	13	8	11	14	18

### Education

Some High School or Less	14	8	10	18	22
High School Graduate	35	33	37	32	39
Some College	20	21	23	20	15
College Graduate	20	26	19	18	14
Post Graduate	9	10	10	8	9

\* Unweighted n's are the actual number of survey respondents. Weighted n's refer to population estimates in 100,000s (e.g., 1,624 = 162,400,000). Each percentage in this table refers to a portion of the weighted n at the top of the column.

\*\* The difference between the sum total of respondents from the four age groups and the corresponding numbers under the col-



## DETAILED FINDINGS

### Part I Long-Distance Callers' Use of the Telephone

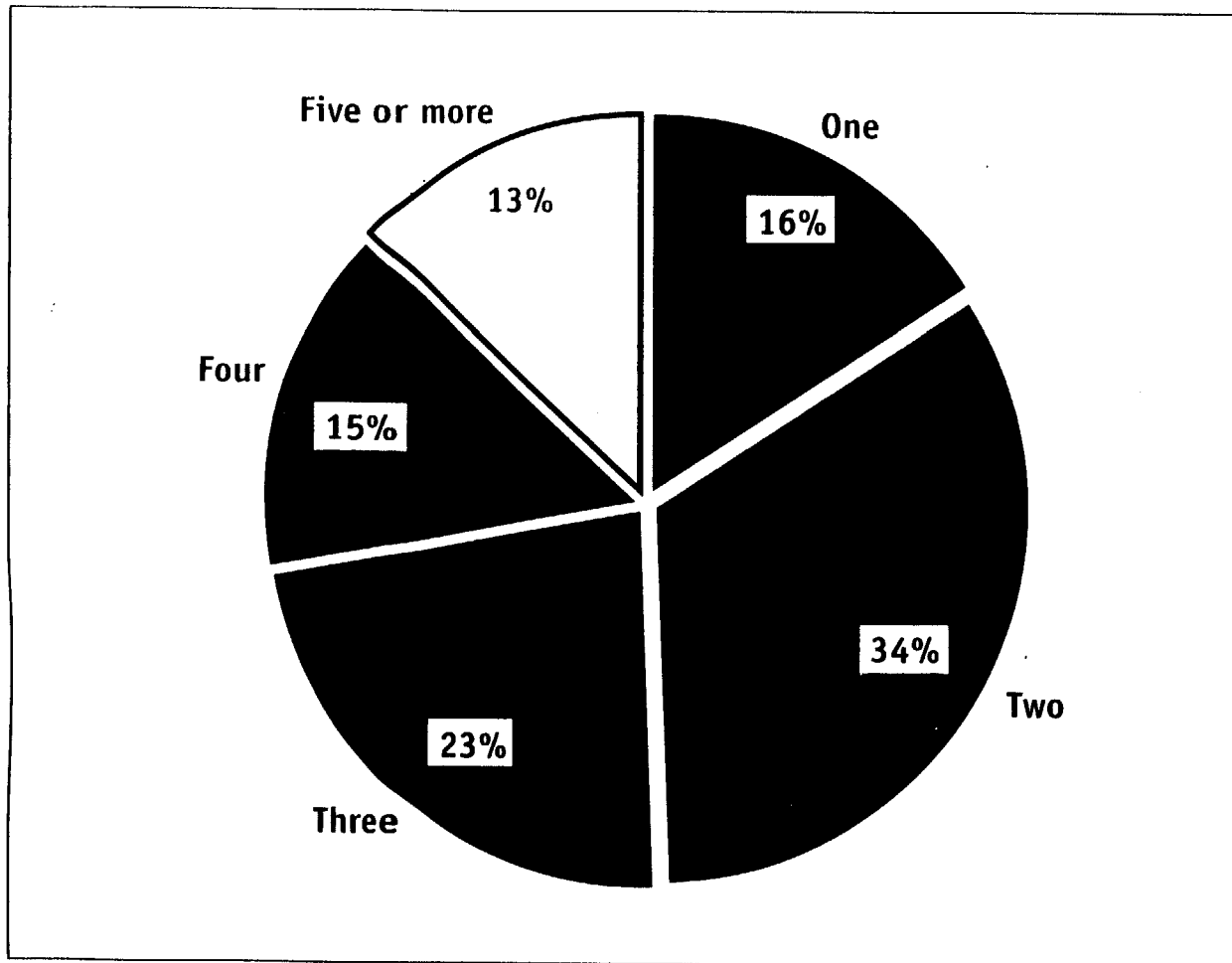


## A. Number of Telephones Per Household

Figure 1. Number of Telephones Per Household

Due to rounding, percentages in this figure sum to 101%.

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998



Among all respondents, the number of telephones per household varied from one to five or more. The majority of respondents (57%), however, reported that they have two or three telephones in their house.

## B. Telephone Ownership

Figure 2. Percent of Respondents Who Rent Their Telephone

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998

Less than 20 years ago, almost all consumers rented their telephones from the telephone company. Today, consumers can still lease their telephones, but now they can buy them as well. The purchase price of a telephone starts at about \$15 for a basic touch-tone telephone but can be more than \$100 for the most technologically advanced telephones.

On average, respondents in this survey who rent telephones reported that it costs \$10.50 a month or \$126 a year to rent a telephone.

Ninety-five percent of respondents indicated that they own, rather than rent, their telephones. Older respondents were significantly more likely to rent their telephones than younger respondents.

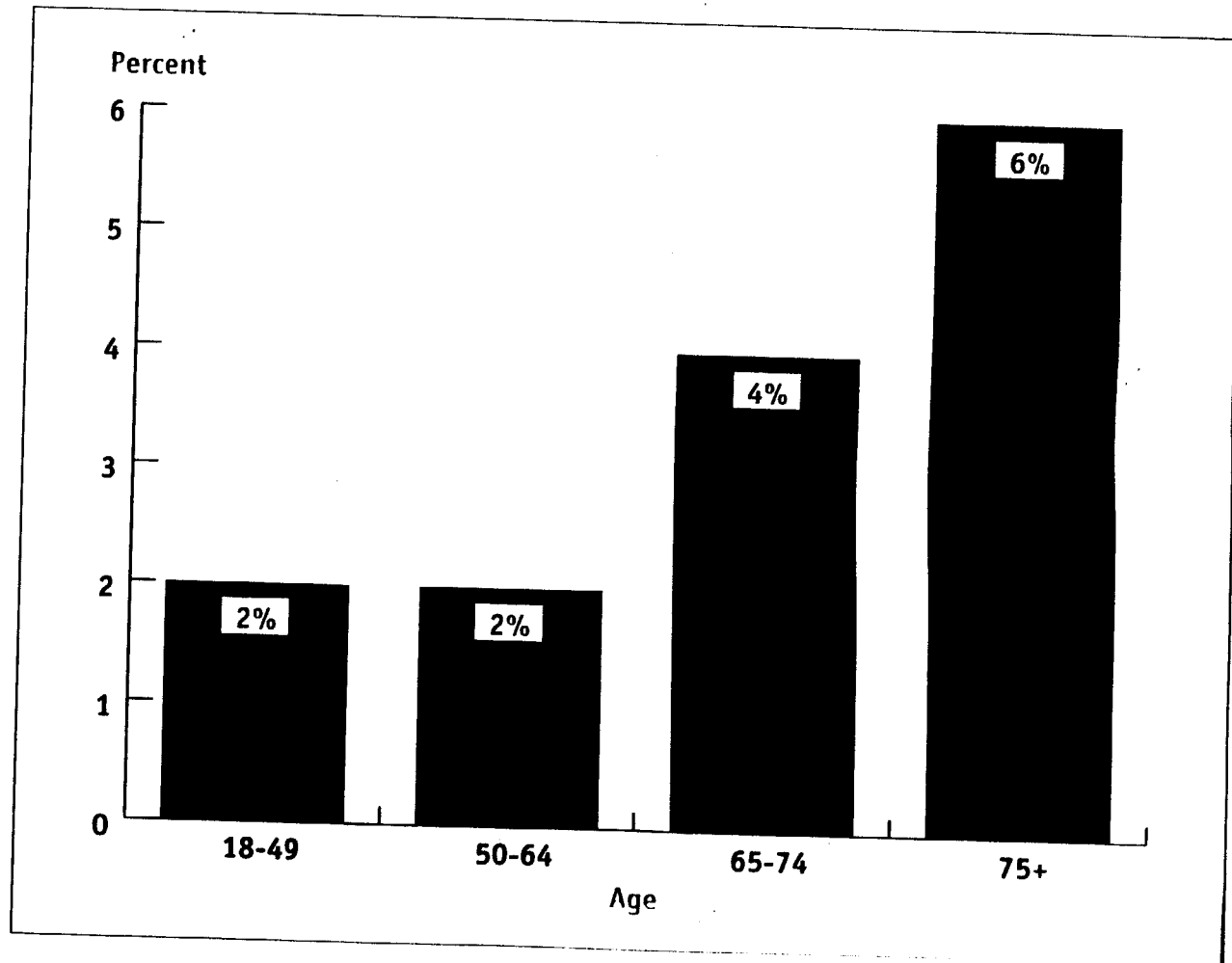
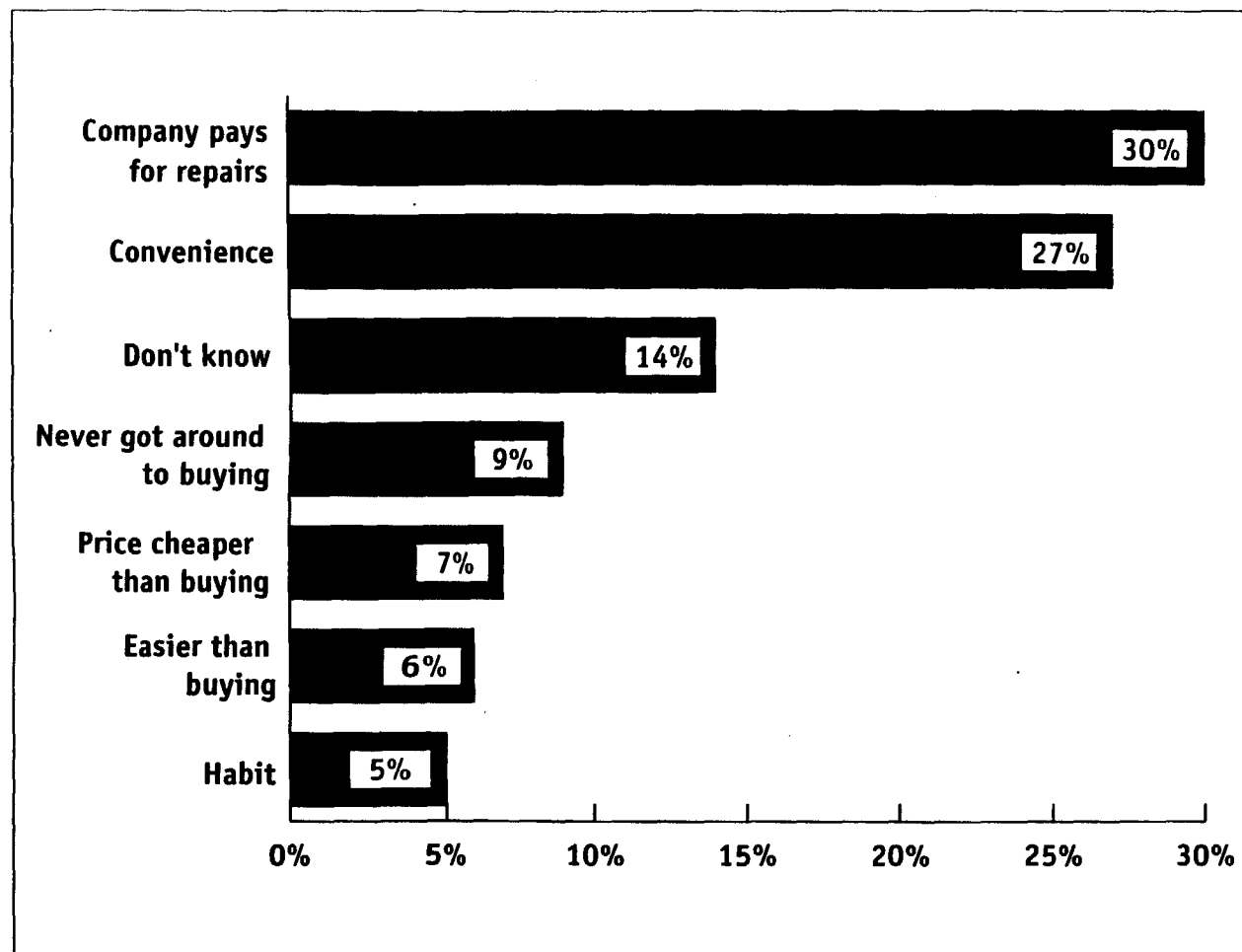


Figure 3. Reason for Renting Telephone (n=122)\*

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998



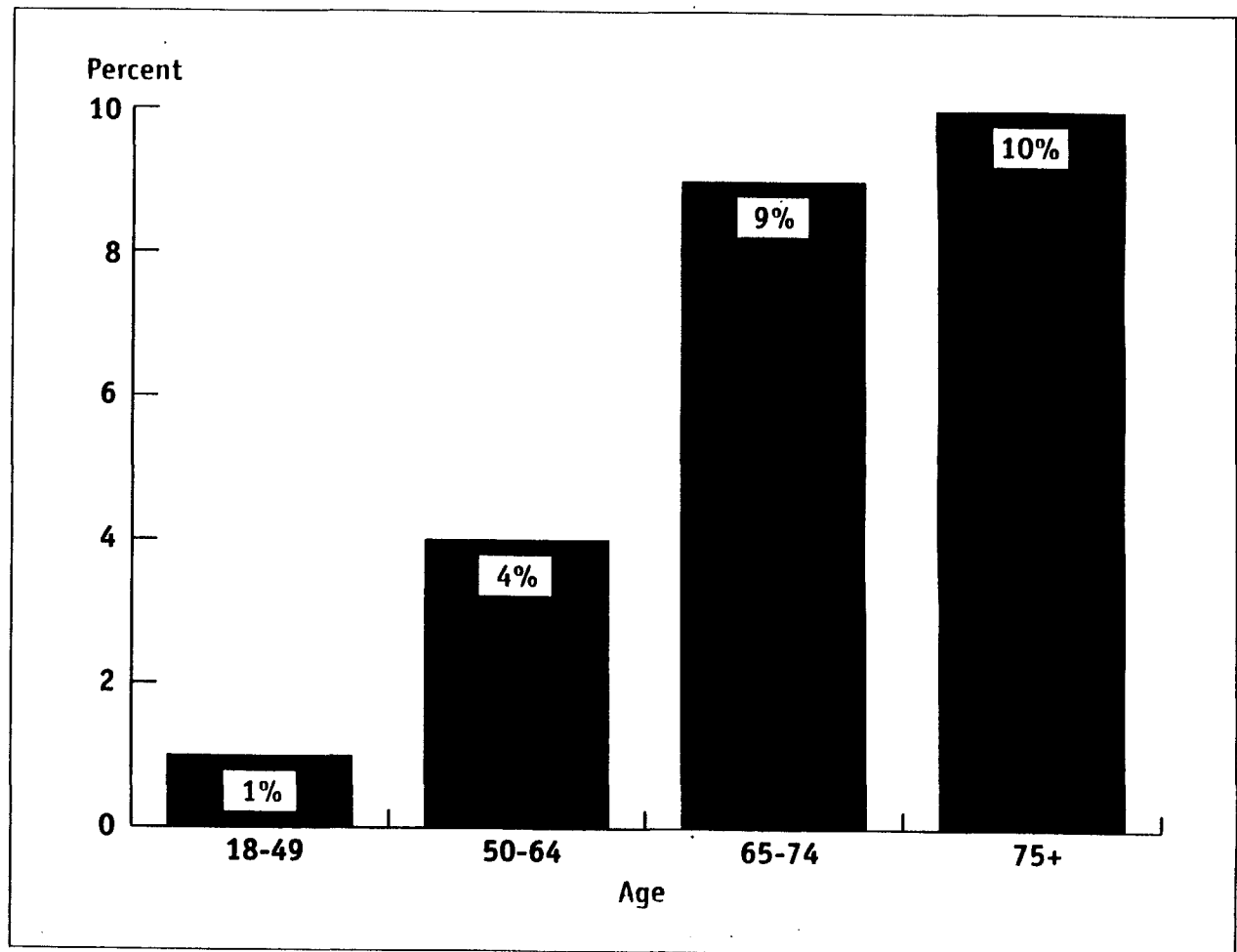
Respondents gave a variety of reasons for renting their telephones. Roughly 30 percent reported that it was because the telephone company pays for repairs. Convenience was the next most frequently cited reason (27% of respondents).

\*This number includes respondents who both rent and own their telephones as well as those who only rent.

## C. Types of Telephones Used at Home

Figure 4. Percent of Respondents Who Own Rotary (Dial) Phones Only

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998

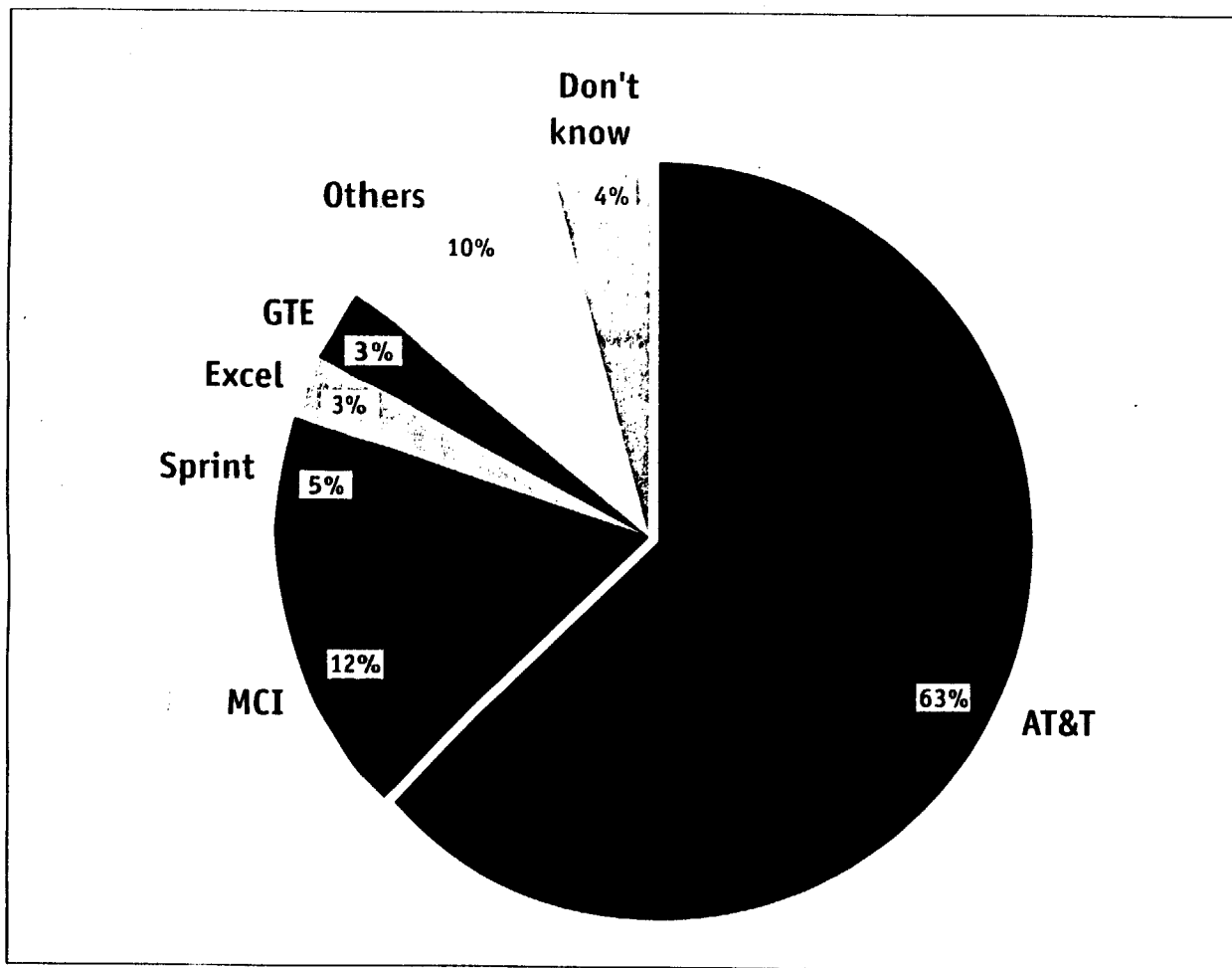


Nine in 10 respondents say they use only a touch-tone telephone at home. Just six percent use only a rotary (dial) telephone. Respondents aged 50 and over, however, are much more likely to own a rotary telephone than respondents under age 50.

## D. Long-Distance Telephone Service Providers

Figure 5. Providers of Long-Distance Telephone Service

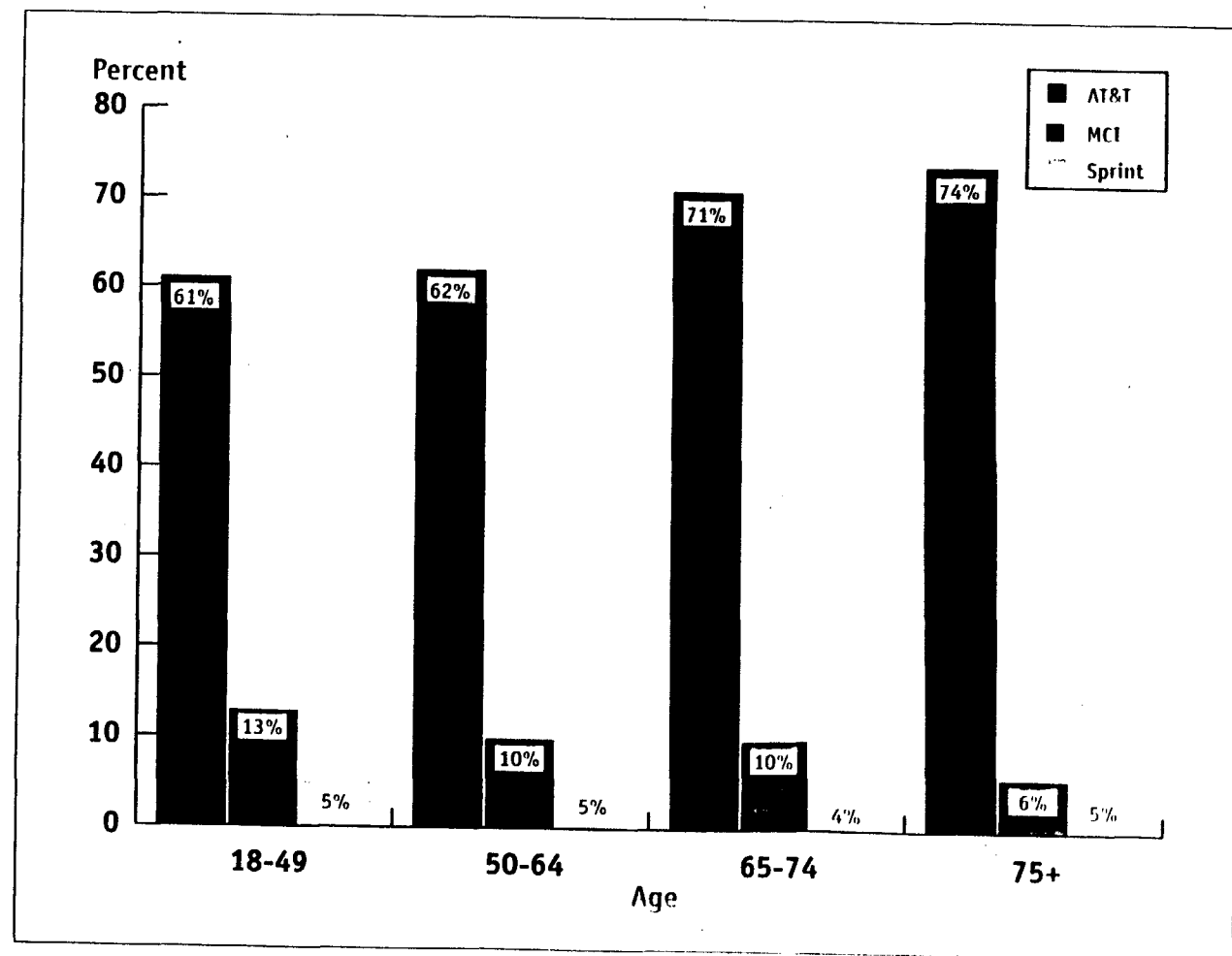
Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998



Consumers can now choose from among a number of telephone providers for their long-distance service. Nevertheless, close to two-thirds of all respondents report that AT&T is their long-distance telephone company.

Figure 6. Use of Top Three Long-Distance Telephone Service Providers

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998

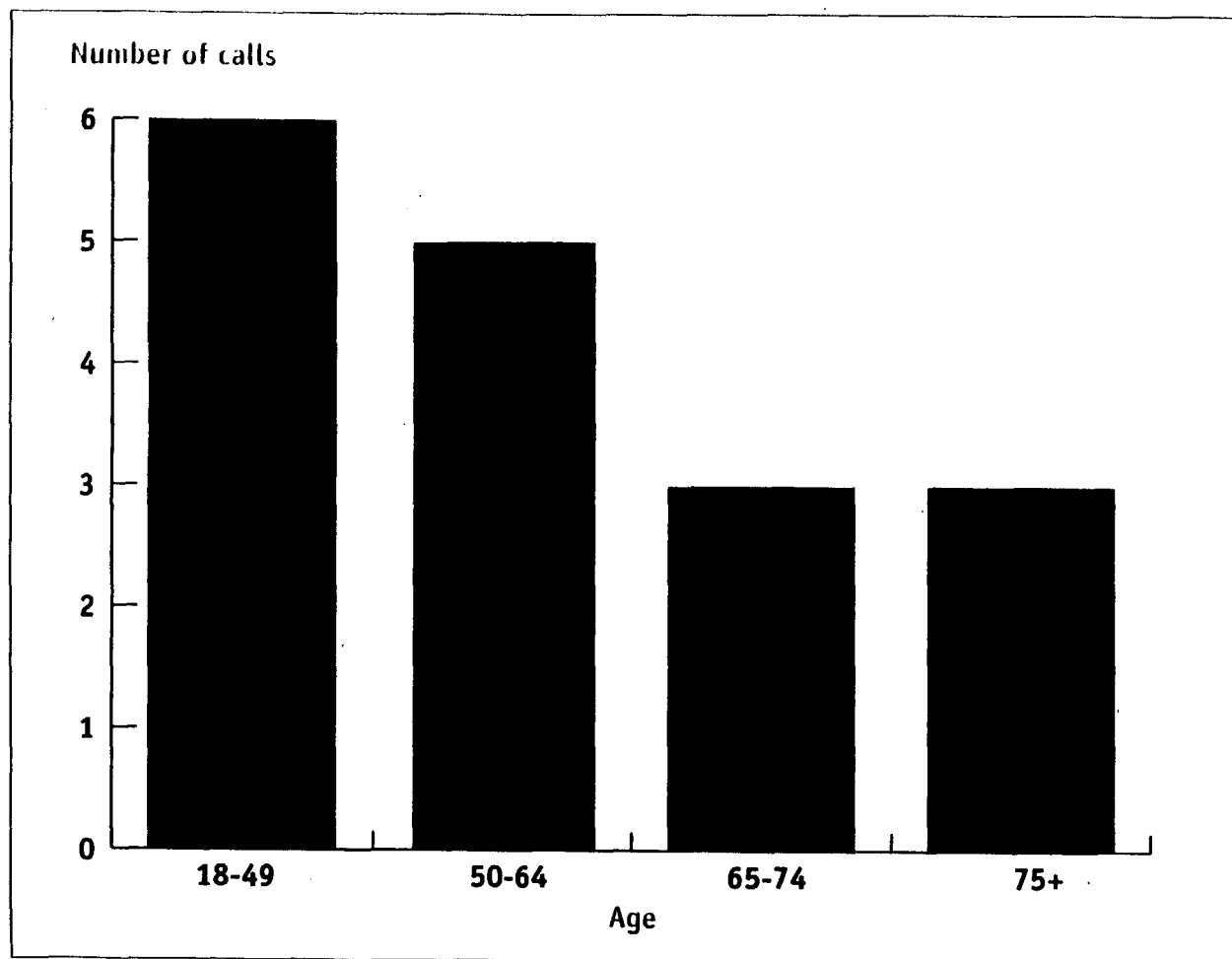


Moreover, older respondents are even more likely than their younger counterparts age 18-64 to use AT&T.

## E. Frequency of Long-Distance Calling

Figure 7. Average Number of Long-Distance Calls Made Per Week

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998



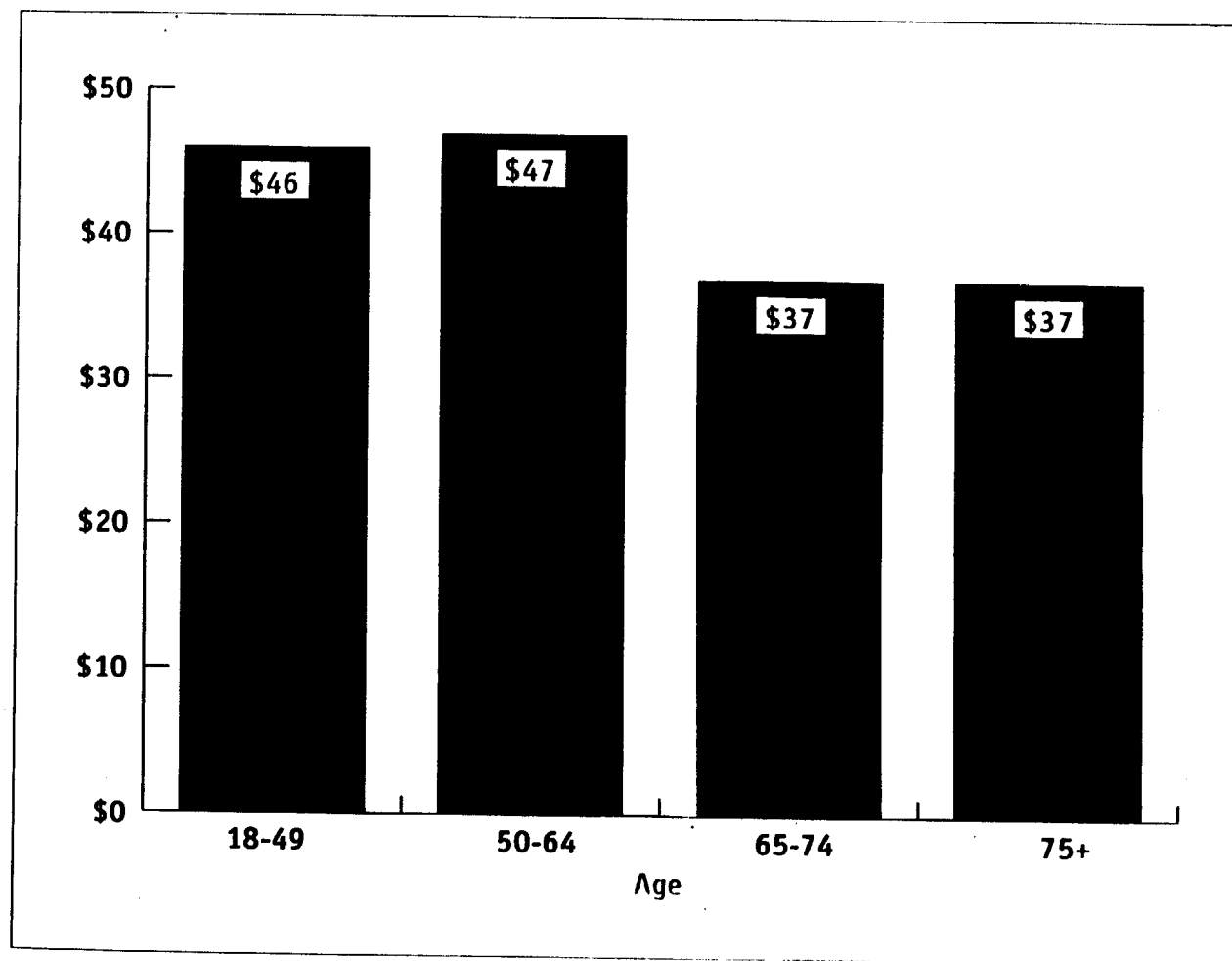
On average, respondents report making an average of five long-distance calls in a typical week. Older respondents are more likely to make fewer long-distance calls per week than younger respondents.

## F. Monthly Costs of Long-Distance Calling

Figure 8. Average Monthly Long-Distance Telephone Bill

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998

On average, respondents say that they pay \$44 a month for long-distance calling. Since older respondents typically make fewer long-distance calls per week than their younger counterparts, it is not surprising that the older respondents' estimates of their monthly long-distance charges are lower. According to these estimates, respondents age 65 and older pay approximately \$9 per month less than respondents age 18-49.

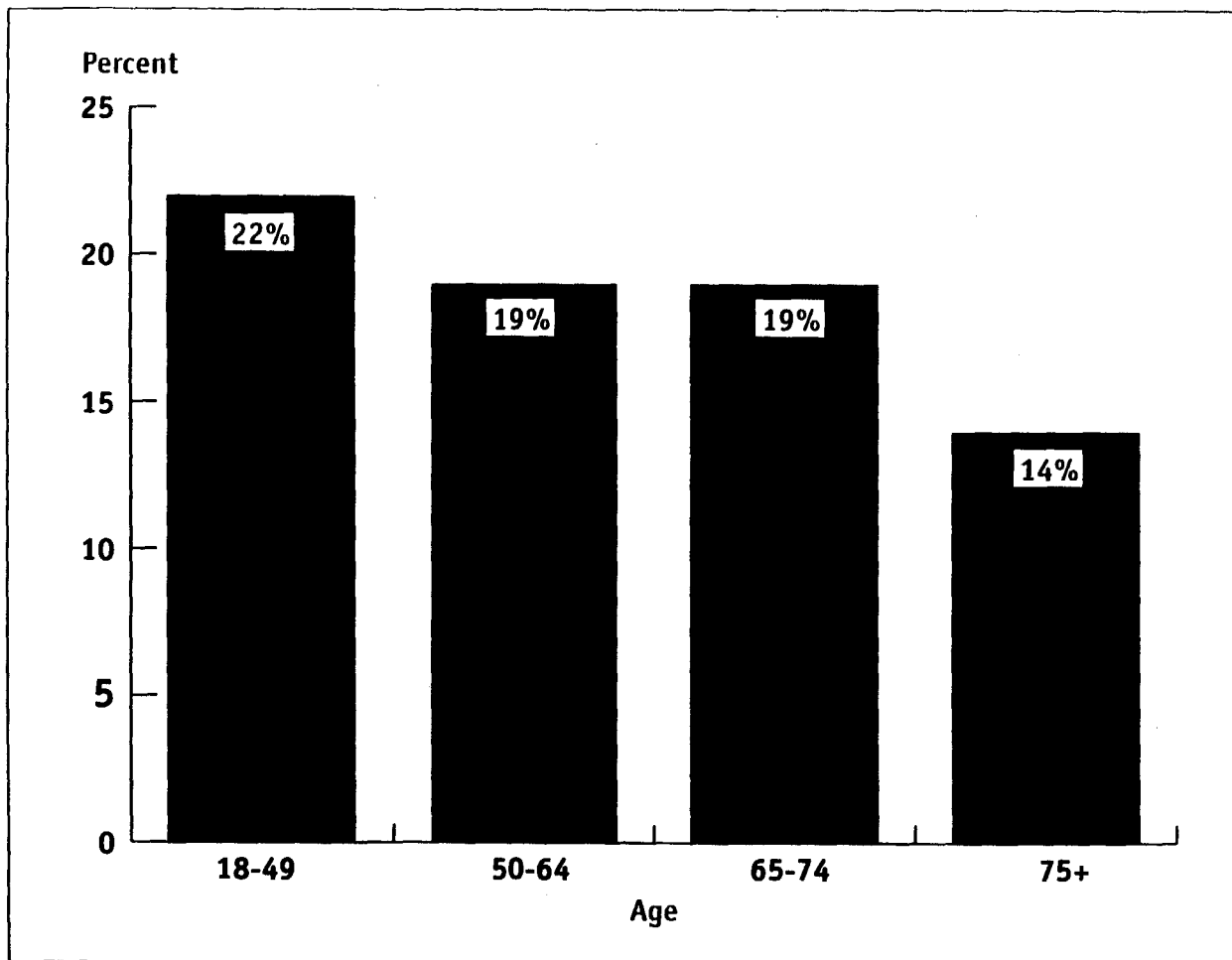




## G. Percent of Respondents Making International Calls

Figure 9. Percent of Respondents Who Make International Calls

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998



About one in five respondents make international calls. Twenty-two percent of respondents age 18-49 make calls to someone in another country, as compared to 14 percent of those age 75+.

### 1. Call Waiting

Older respondents also are less likely than their younger counterparts to subscribe to telecommunications-related services such as call waiting. Call waiting allows its subscribers to answer a second call even though their telephone is in use, and thus avoid missing important or emergency calls. Fewer than one in four respondents aged 65-74 and one in 10 respondents age 75+ subscribe to call waiting. In contrast, more than half of respondents age 18-49 and nearly half of respondents age 50-64 subscribe to this service (Figure 10).

## 2. Access to Online Services Via a Modem and a Computer

The ability to access information is an important determinant of economic and social well-being in today's society. In this regard, an increasing number of people have discovered that access to online services via a modem and a computer is an indispensable tool. Older respondents are less likely than younger respondents to have access to online services. Only five percent of respondents age 75+ and 10 percent of respondents age 65-74, as compared to 31 percent of those age 18-49, have access to online services.

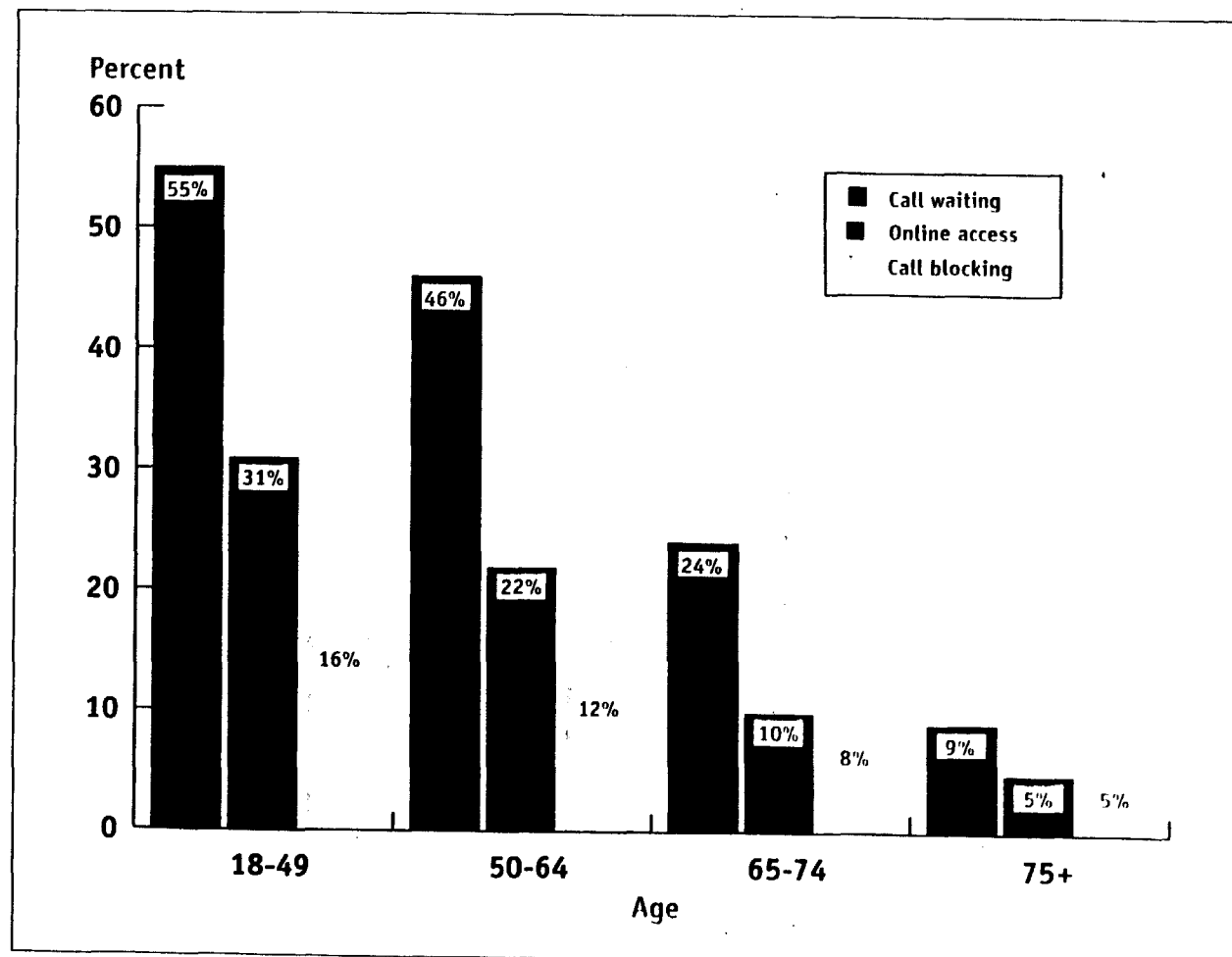
## 3. Call Blocking

Call blocking lets subscribers block their name and telephone number from being displayed to others and/or restrict the types of calls possible from the subscriber's telephone. Only five percent of respondents age 75+ and eight percent of those age 65-74 have call blocking capabilities, compared with 16 percent of those age 18-49.

# H. Added Telecommunications Services

Figure 10. Percent of Respondents Who Subscribe to Various Telecommunications Services

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998





## Part II

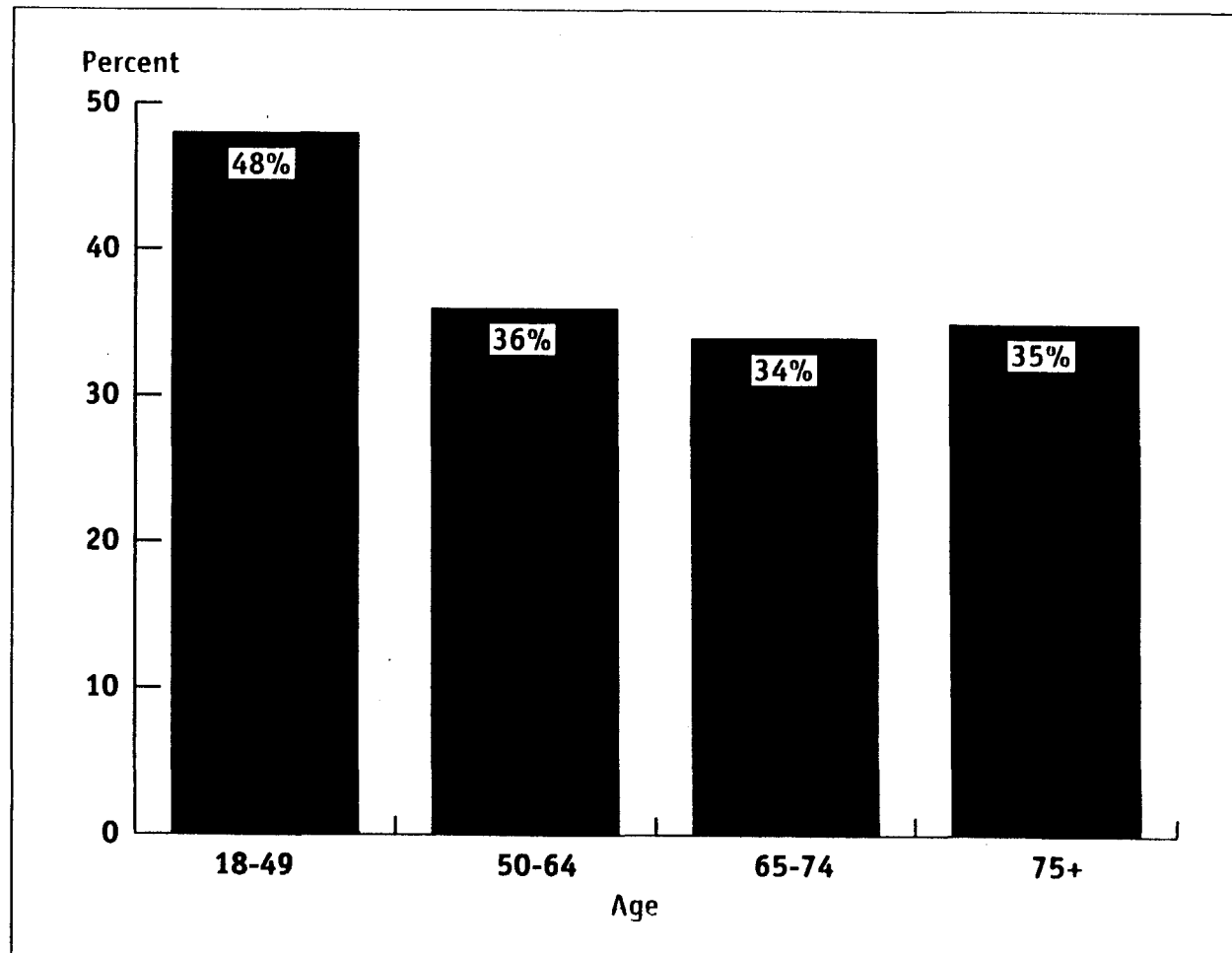
### Potential Cost Saving Methods for Long-Distance Calling

## A. Long-Distance Calling: An Essential Service

Figure 11. Percent of Respondents Who, If Forced to Cut Back on Their Expenses, Would Reduce Their Use of Long-Distance Calling

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998

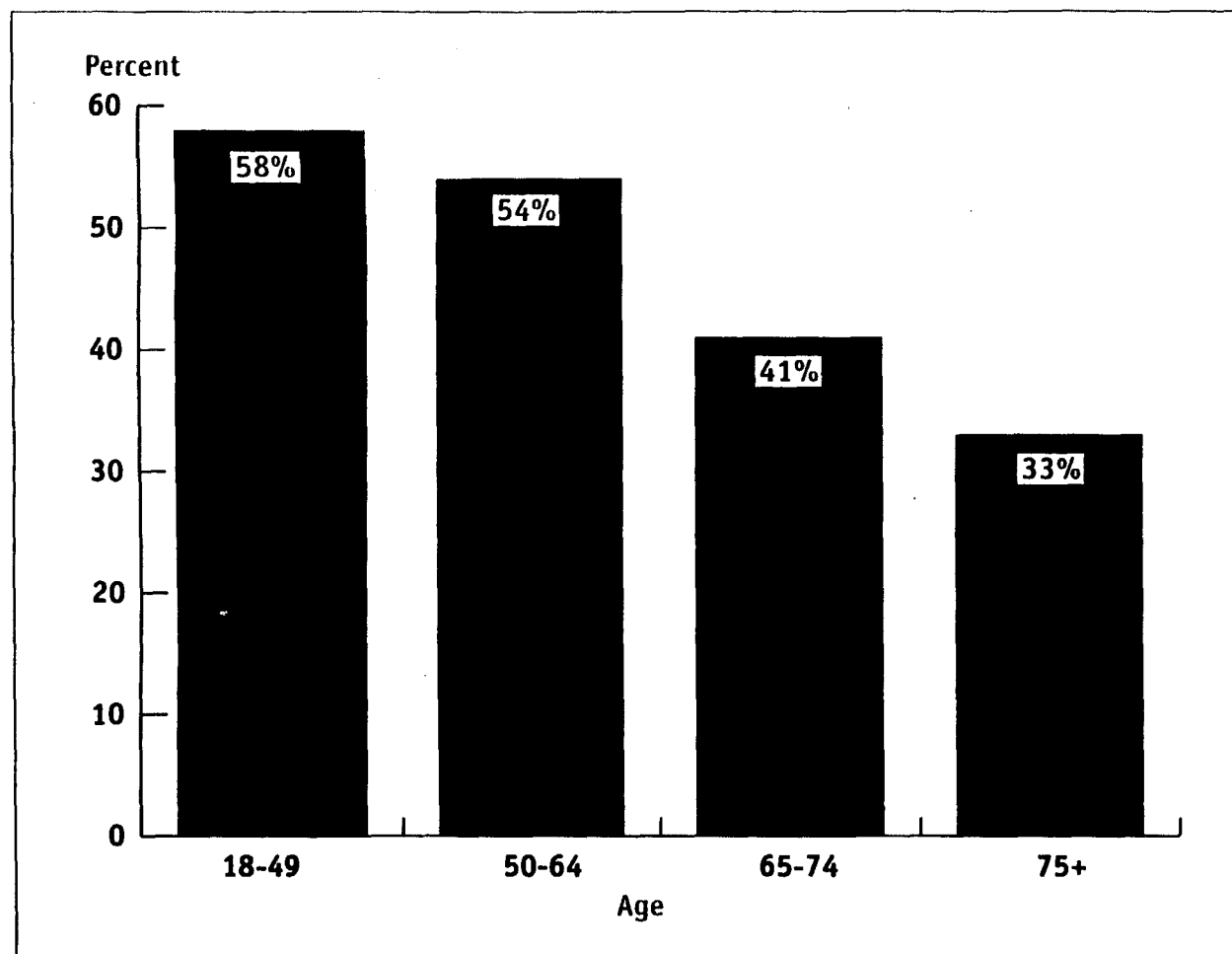
The ability to make long-distance telephone calls from home is important to most Americans and particularly important to people 50 years of age or older. Roughly two-thirds of respondents age 50 or older would not reduce their use of long-distance calling if they needed to cut back on expenses for any reason. Younger respondents, however, are more likely to say that they would reduce their use of long-distance calling if they needed to cut back on expenses.



## B. Looking for the Best Price

Figure 12. Percent of Respondents Who Have Switched Long-Distance Telephone Companies to Get a Cheaper Rate

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998

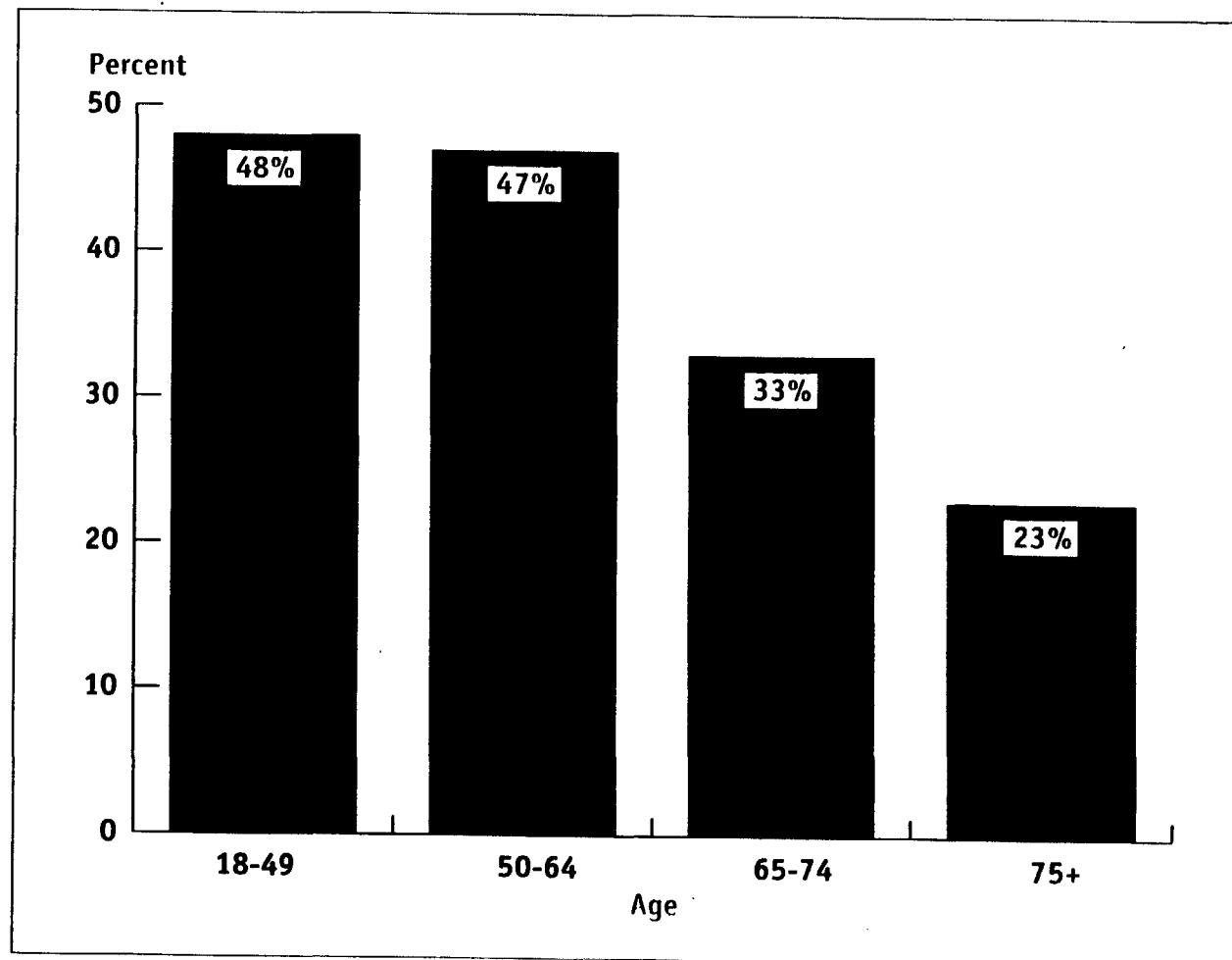


While cutting back on the use of long-distance telephone service is not an option for many Americans, there are other ways consumers can save money on their long-distance bills. They can switch their long-distance company to get a cheaper rate or they can shop around for the best price before opening an account with a long-distance company. Consumers can also subscribe to a discount calling plan, call during off-peak times when long-distance rates are lower than full price, or dial a special five-digit number before making a long-distance call.

When asked whether they have ever switched long-distance telephone companies to get a cheaper rate, only 54 percent of respondents answered in the affirmative. The responses, however, varied by the age of the respondent. While 58 percent of respondents age 18-49 indicated that they have switched telephone companies to get a cheaper rate, only 39 percent of those age 65 or older did the same.

**Figure 13. Percent of Respondents Who Shop for the Best Price Before Signing with a Long-Distance Telephone Company**

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998

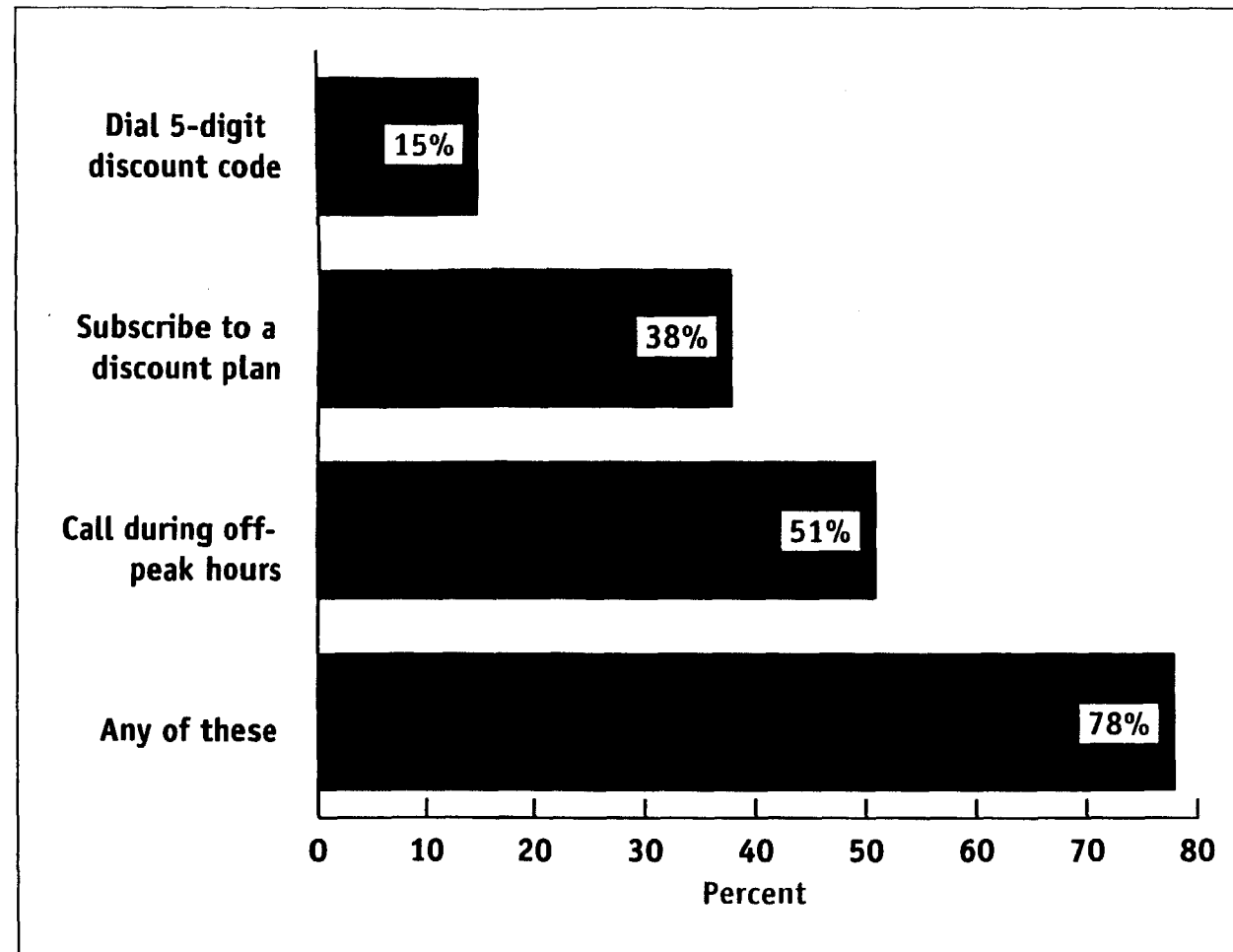


Less than half of all respondents (45%) said they shop for the best price on their long-distance service. The likelihood that a respondent has shopped around before opening an account with a long-distance company also varied by age. While 48 percent of respondents age 18-49 reported that they shop for the best price, just 30 percent of respondents age 65 or over said they search among long-distance telephone service providers for the least expensive rate.

## C. Use of Methods Associated with Saving Money on Long-Distance Calling

Figure 14. Methods Respondents Use

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998



Seventy-eight percent of respondents said they use at least one of the following methods to save money on their long-distance bills: dialing a special five-digit number before making a long-distance call; subscribing to a discount calling plan; or calling during off-peak hours when long-distance rates are lower than full price. Of the three, calling during off-peak hours was the most widely used, while the smallest number of respondents used a five-digit discount code.

### 1. Five-Digit Discount Code

Some telephone companies advertise big savings to consumers if they use a five-digit discount code at the start of each call.<sup>8</sup> By dialing this code, the consumer is effectively switching his/her current long-distance company for a single call. Each long-distance call after this one is handled by the original company except for those that start with the five-digit code. Despite its name, a five-digit discount code does not guarantee the consumer will pay less for the call. Some callers might pay more by using the code. Further, even if the advertised rate is less expensive than the telephone company's highest rates, it still may not be the least expensive rate available.

Use of this option was consistent across respondents, with about 15 percent in each age group using the five-digit code.

## 2. Discount Calling Plan

Many long-distance telephone companies offer consumers two different rates for the same service. A discount calling plan, which is one of the easiest and best ways to save money on long-distance calling, is available to consumers who call the company and ask for lower rates. Non-discounted basic rates are provided to consumers who do not request a discount plan.

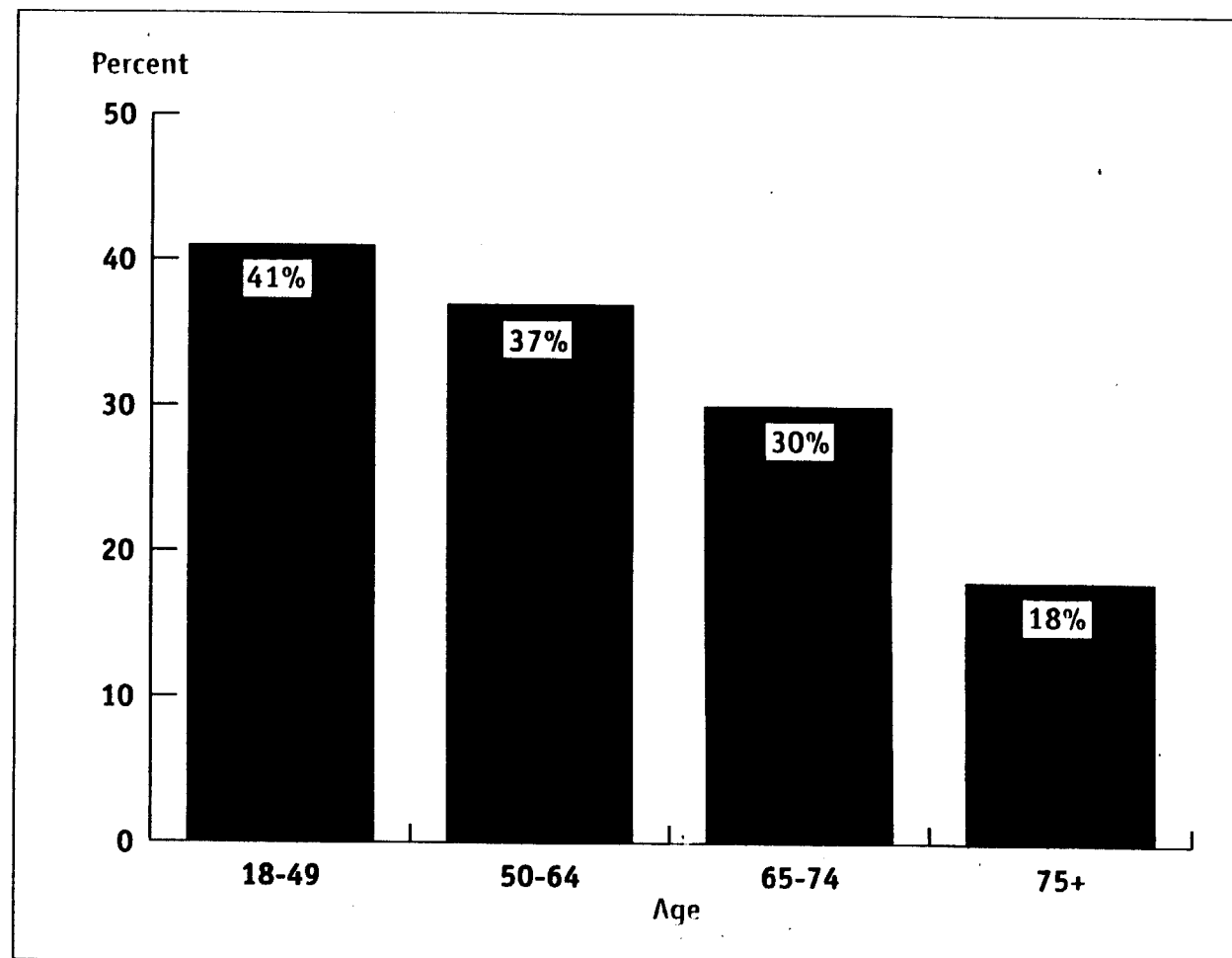
Overall, fewer than four in 10 respondents reported that they belong to a discount long-distance calling plan. Moreover, subscription to a discount calling plan was inversely related to age. While 41 percent of respondents age 18-49 said they subscribe to such a calling plan, only 26 percent of respondents age 65 or over indicated they do the same.

## 3. Off-Peak Hours

The charge for a long-distance call may vary depending on the day or time of day it is made. For example, many companies offer calling plans in which calls made either before 7 a.m. or after 7 p.m. on weekdays or anytime on weekends are charged at a lower rate. While the off-peak rate on a non-discounted basic calling plan is less expensive than the on-peak rate, it is not likely to be the least expensive rate available.

**Figure 15. Percent of Respondents Who Belong to a Discount Long-Distance Calling Plan**

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998

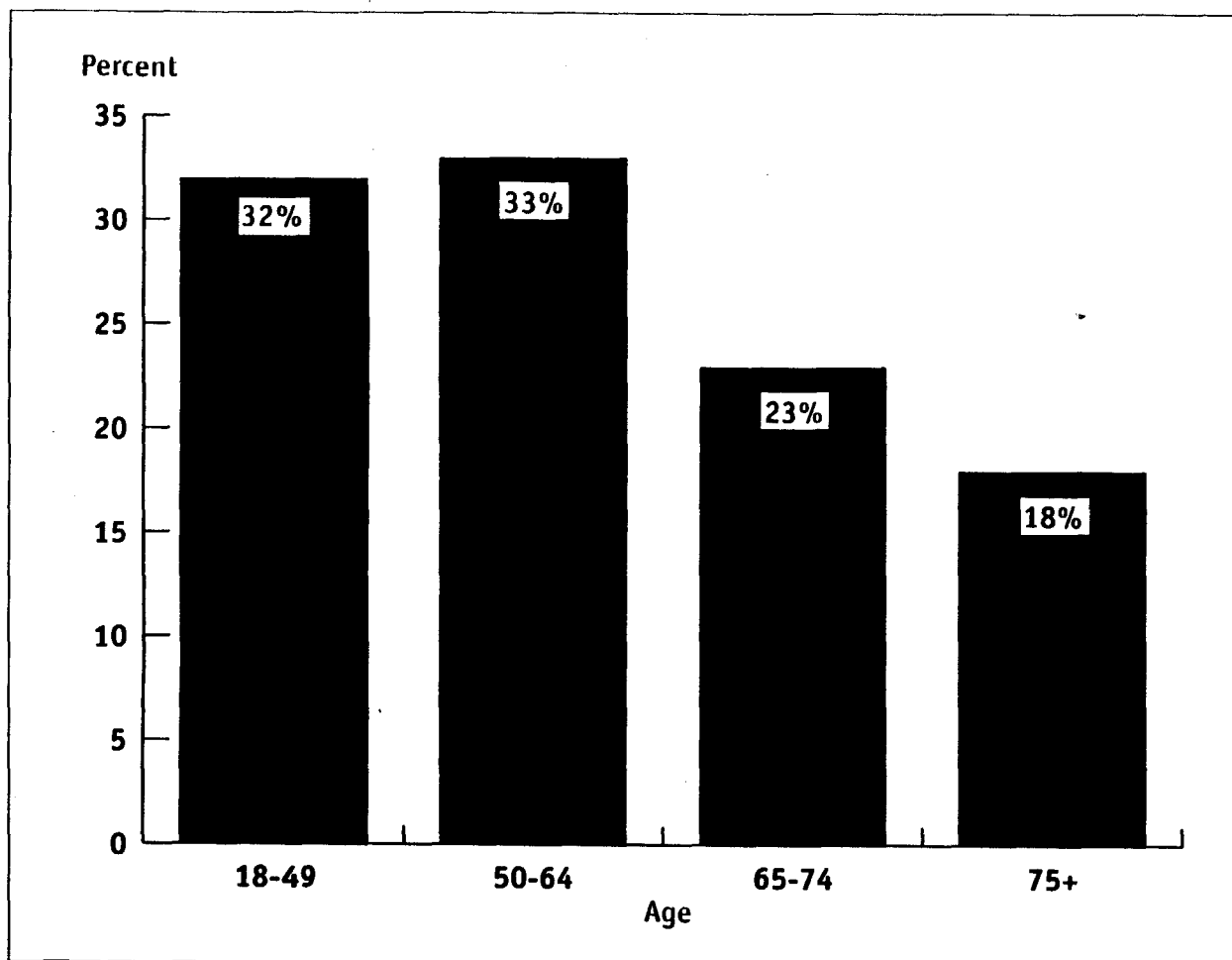




## D. Attention Paid to Advertising of Long-Distance Services

Figure 16. Percent of Respondents Who Pay Some Attention

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998



About half the respondents reported that they make calls in off-peak hours. Although the differences across age groups in use of off-peak hours for long-distance calling were not significant, older respondents were slightly more likely than their younger counterparts to report use of this option.

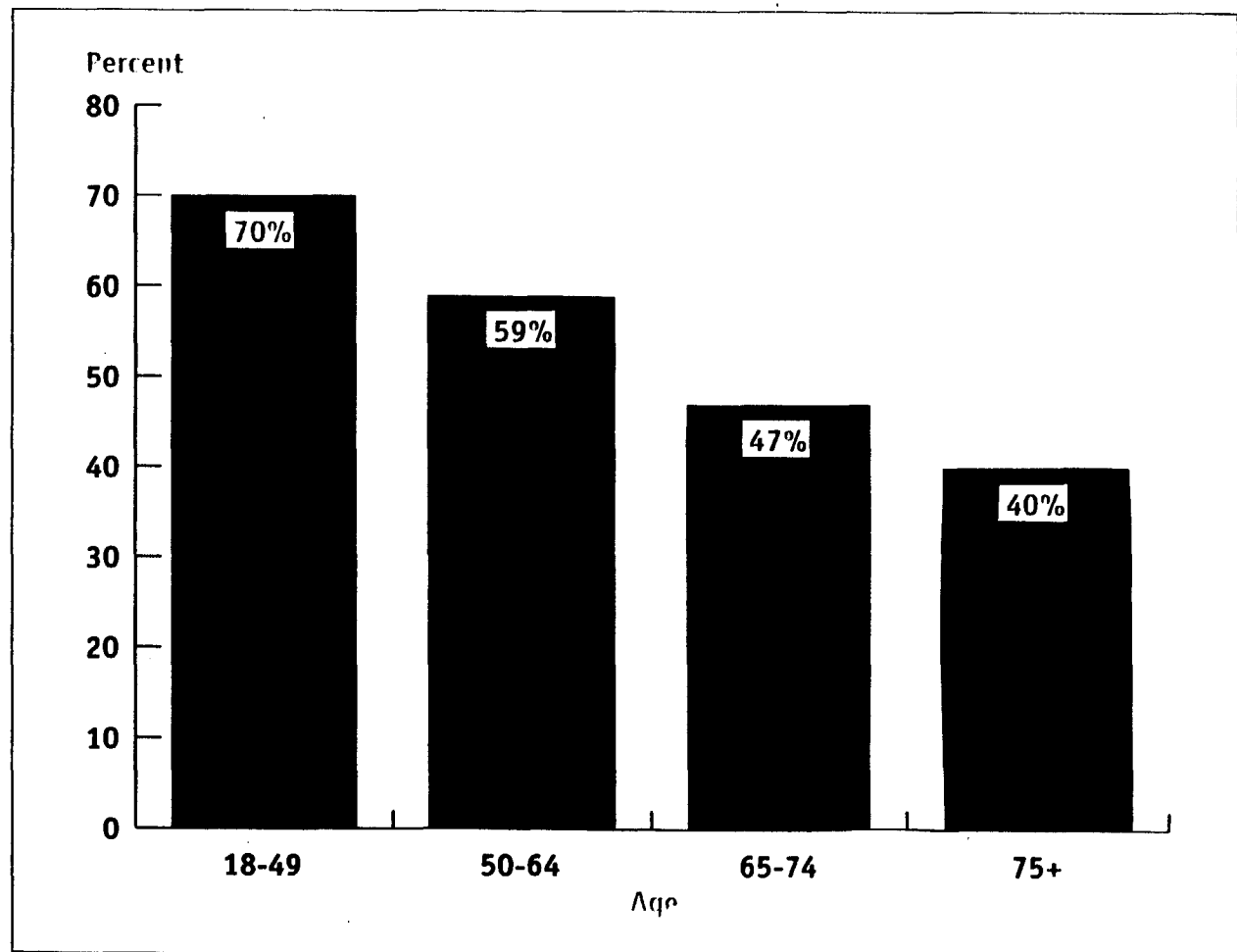
Long-distance telephone companies expend significant resources to advertise their discount calling plans or special rates for long-distance calls. Most consumers are aware of the telephone companies' efforts. Nearly 90 percent of all respondents said they had recently seen or heard an advertisement for discounts or special rates on long-distance calling. Although awareness was high, only 30 percent of all respondents indicated that they pay attention to this advertising. Among respondents age 65 and older, in particular, few (21%) reported that they pay attention to advertising for long-distance rates.

## E. Savings Realized Through Cost-Cutting Methods

Figure 17. Percent of Respondents Who State They Know How Much They Are Saving

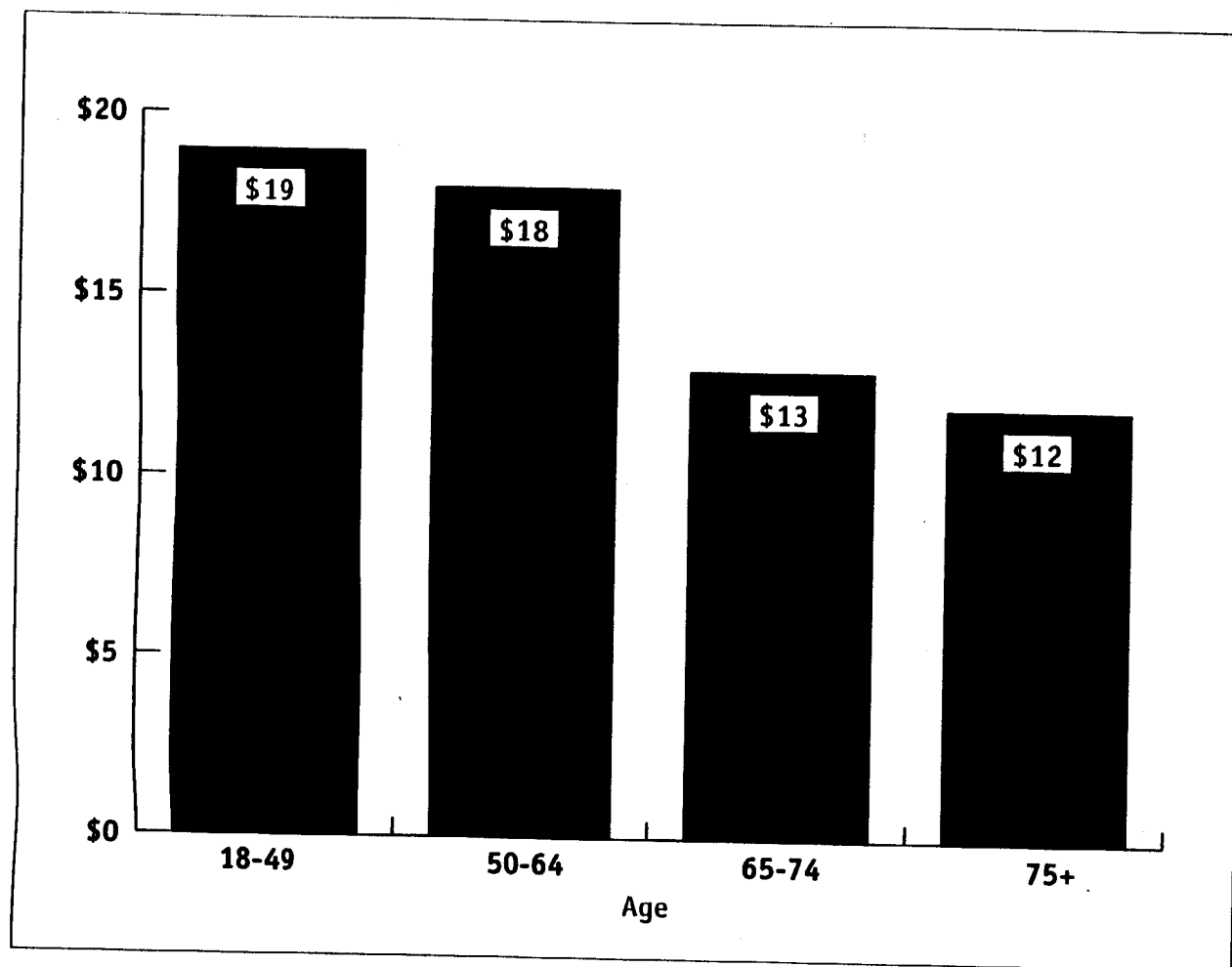
Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998

Close to eight in 10 respondents said they use one or more of the three cost-cutting methods discussed on pages 19 & 20.<sup>9</sup> However, the percentage of respondents who claimed to know how much money they are saving on their long-distance bills because of these methods varied by age. Among all respondents who indicated that they use one or more cost-cutting methods, 64 percent reported that they know how much these methods are saving them on long-distance calling. This figure included more than seven in 10 respondents age 18-49, but fewer than half of respondents age 65 and over.



**Figure 18. Average Estimate of Monthly Savings Realized from Using Cost-Cutting Methods**

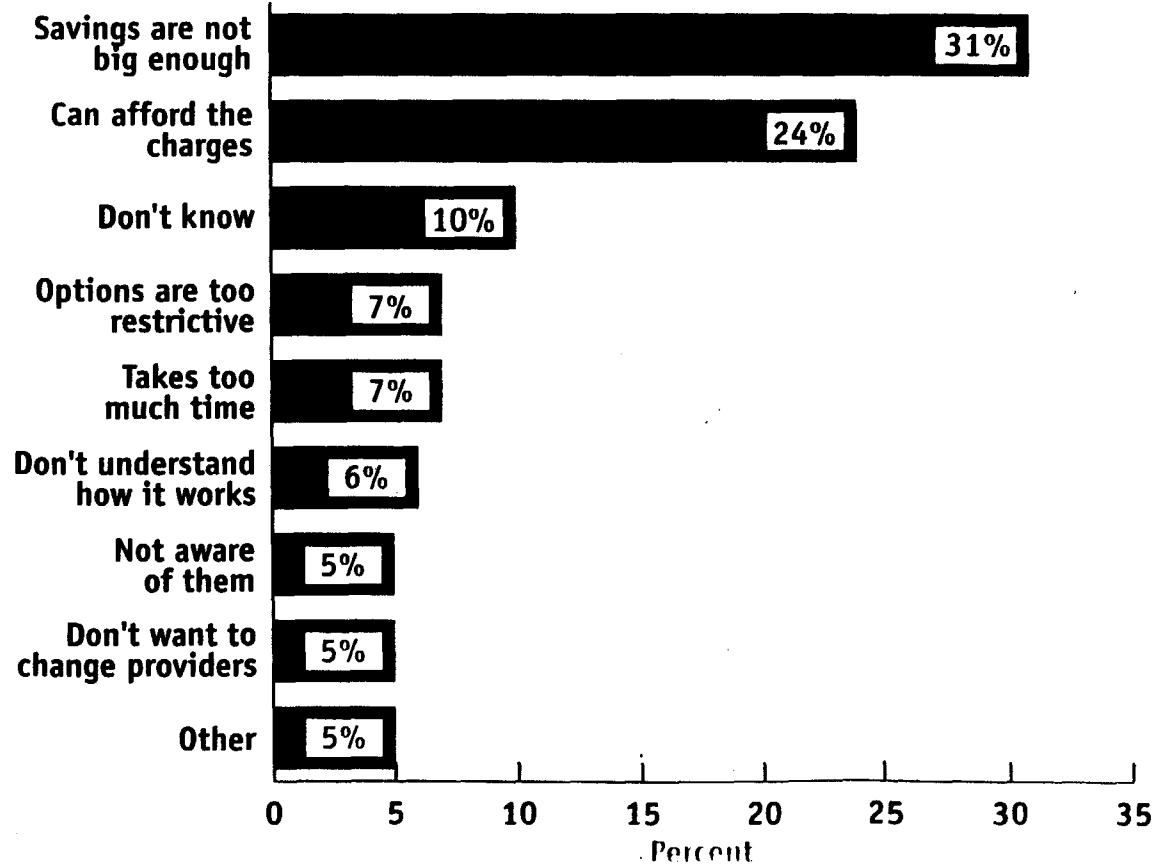
Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998



On average, respondents who said they know how much they are saving on their long-distance bill estimated that the savings totaled \$18 per month. This estimate, however, varied by age. While respondents under the age of 65 claimed savings of \$19 per month, respondents age 65 and over estimated that they save \$13 per month.

Figure 19. Reason for Not Using Cost-Cutting Methods

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998

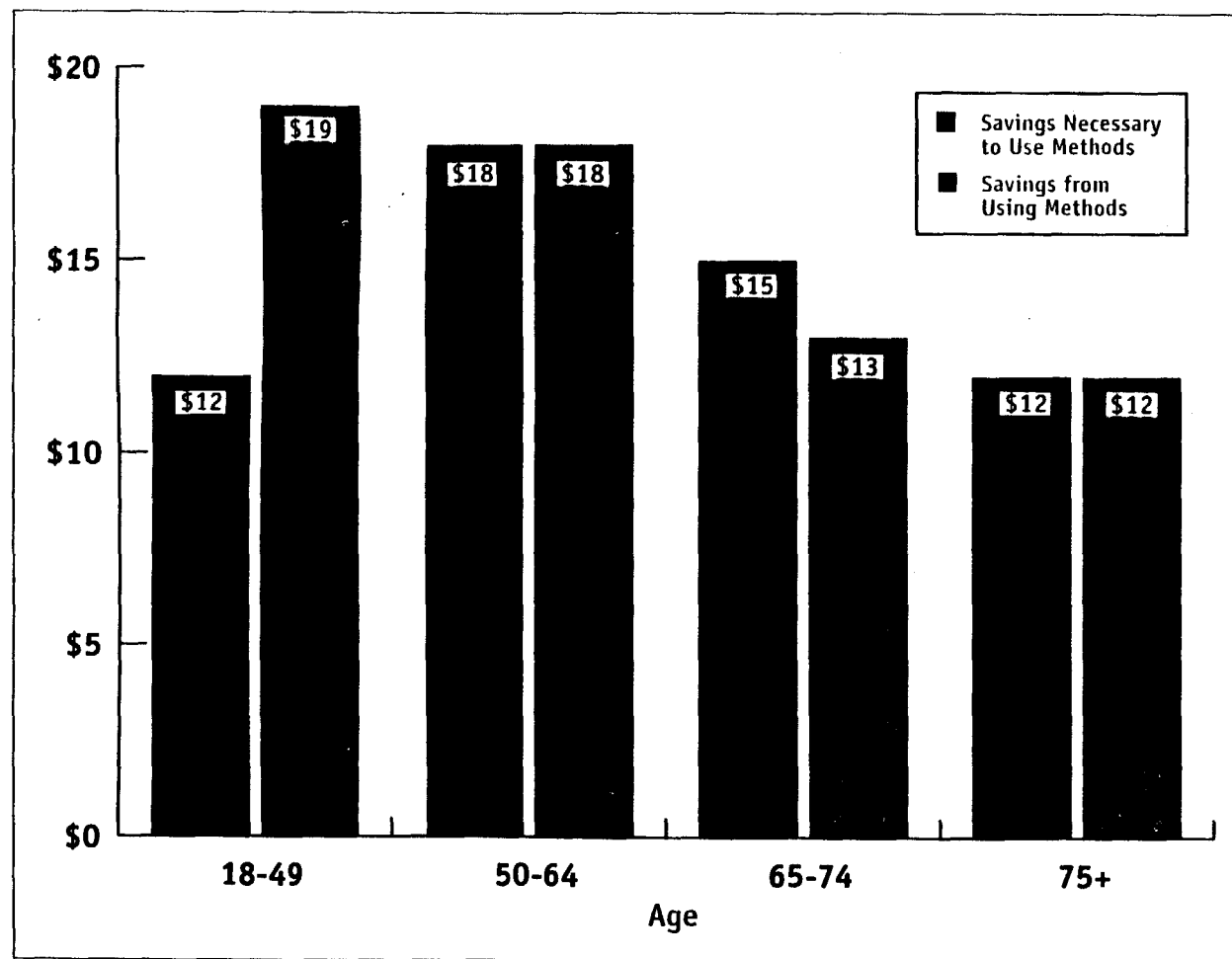


Respondents who do not use one or more of the cost-cutting methods were asked to give a reason why. The most commonly cited answer was that the methods would yield insufficient savings. Three in 10 respondents identified this as a primary concern. Responses to this question were consistent across age groups.

## G. Confusion About Savings

Figure 20. Average Estimate of Monthly Savings by Users of Cost-Cutting Methods vs. Average Estimate of Monthly Savings Necessary for Current Non-Users to Use Cost-Cutting Methods

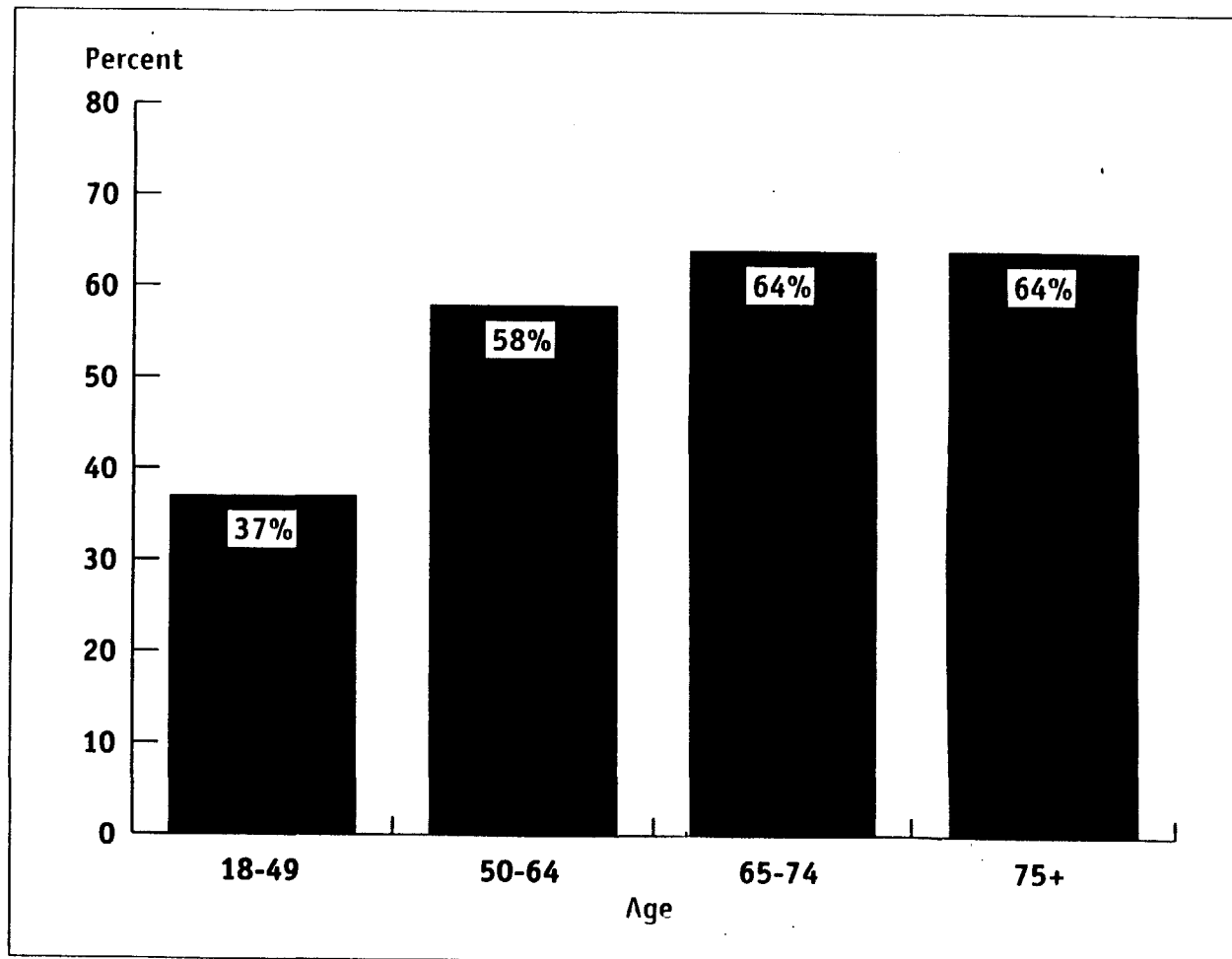
Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998



When asked how much savings it would take for them to use one or more of these methods, respondents age 18-49 estimated \$12/month, which is about \$7 less than what those in this age group who are using the cost-cutting methods estimated they are saving. Among respondents age 50 and over who do not use the cost-cutting methods, the average estimate of the amount of money necessary to make using one or more of the methods worthwhile is approximately equal to the amount of money that those who are using the cost-cutting methods estimate they are saving.

**Figure 21. Percent of Respondents Who Do Not Know How Much Savings It Would Take for Them to Use a Cost-Cutting Method**

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998

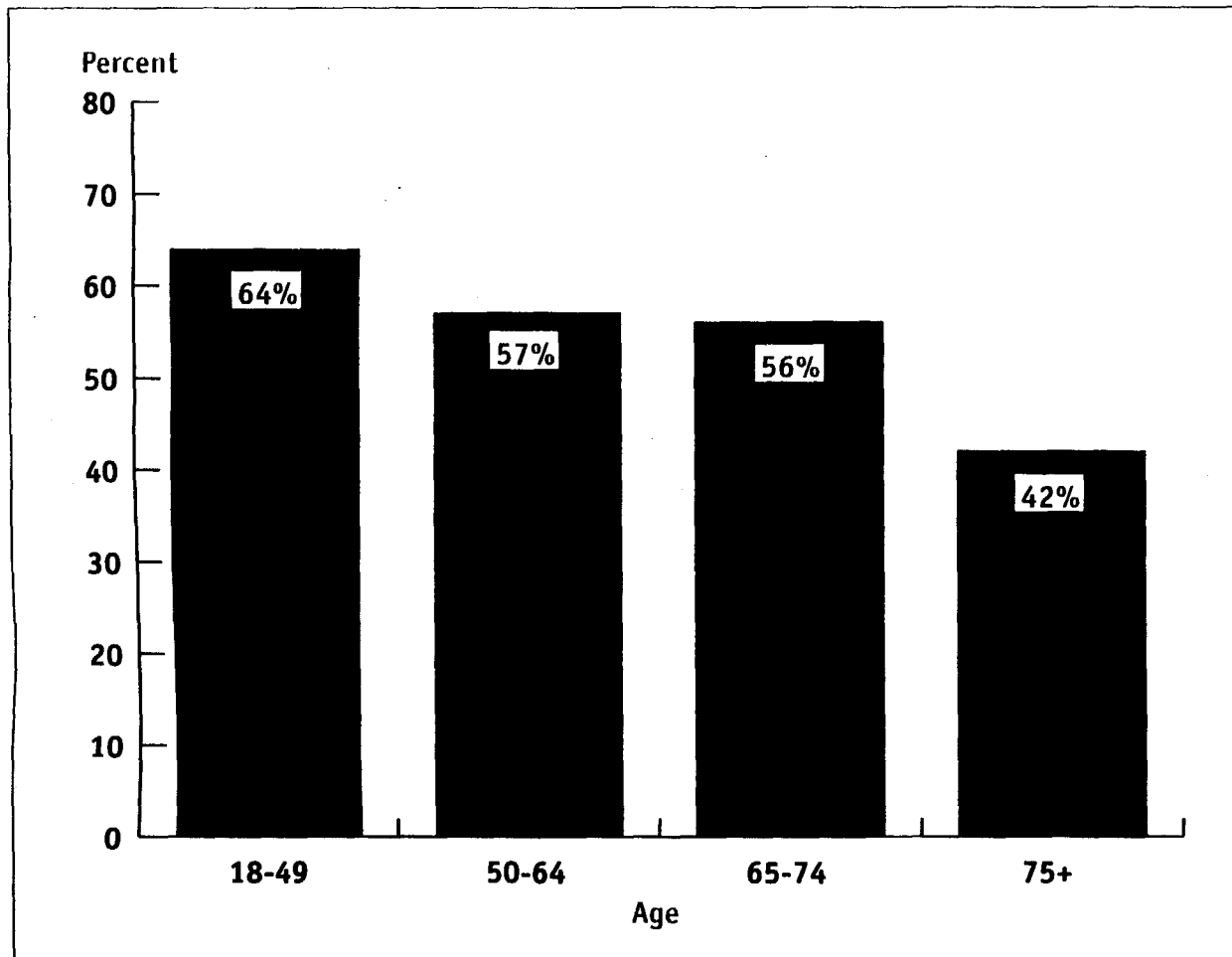


A majority of respondents age 50 and over indicated that they do not know how much money they would have to save on their monthly long-distance bill to make it worthwhile to sign up for or use one or more of the three cost-cutting methods.

## II. Awareness of Opportunities to Save on Long-Distance Calling

Figure 22. Percent of Respondents Who Are Aware of Any Ways They Can Save Money on Long-Distance Calling

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998



When asked if they are aware of any ways to save money on long-distance calling, 60 percent of respondents said yes. Answers varied by the respondents' age. Younger respondents were more likely than older respondents to be aware of ways to save money on long-distance calling.

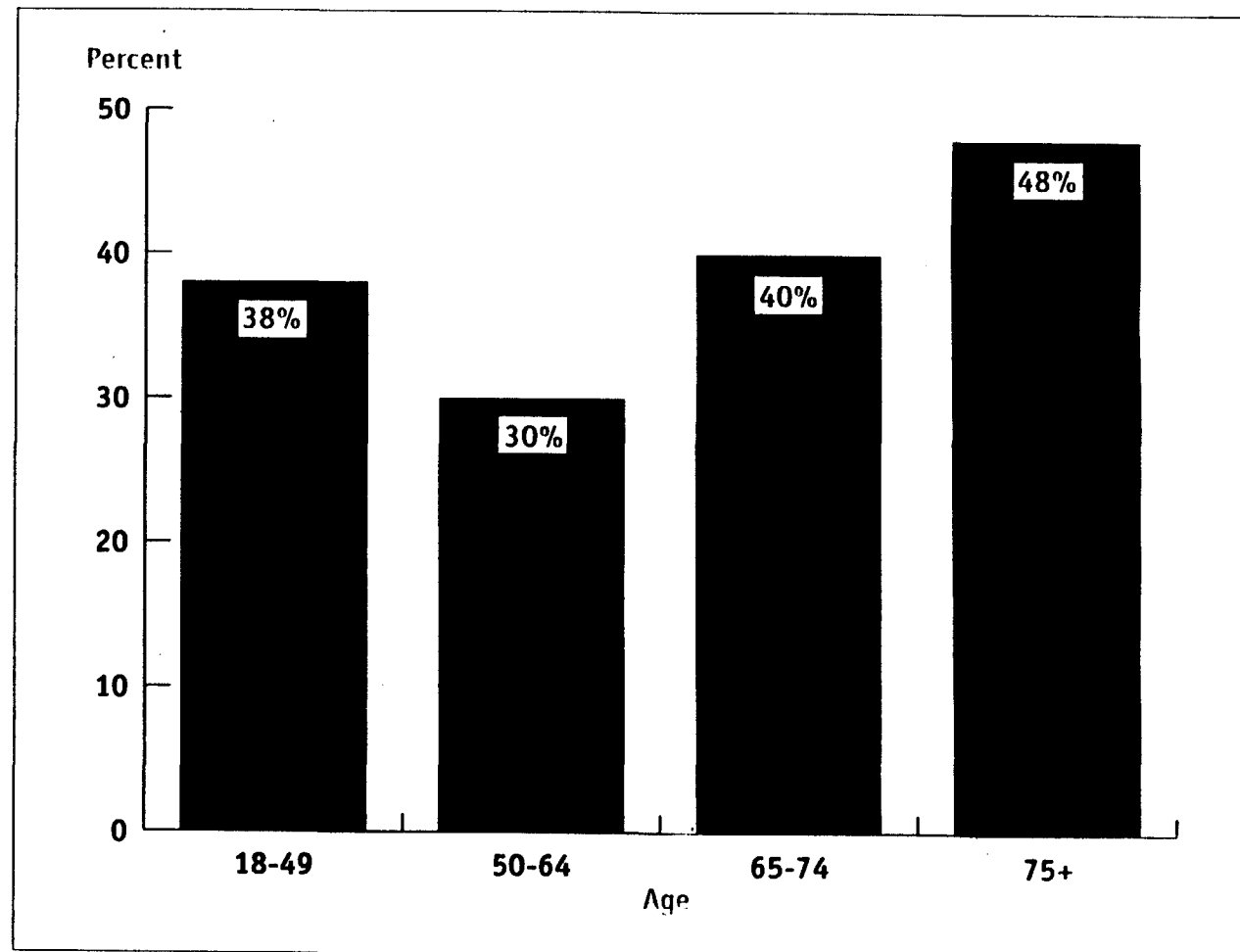
The findings also showed, however, that being aware of ways to save on long-distance calling only marginally increases the likelihood that respondents, regardless of their age, will use one of the cost-saving methods discussed in this report. For example, 45 percent of respondents who are aware of ways to save money on long-distance calling said that they subscribe to a discount long-distance calling plan. This figure is only slightly greater than the percentage of all respondents (41%) who reported that they subscribe to a discount calling plan.

Awareness of savings opportunities on long-distance calling has only a modest relationship to the likelihood that a respondent will use a five-digit code (increases from 15% to 17%), call during off-peak hours (increases from 51% to 54%), shop around for the best price before opening an account with a long-distance company (increases from 39% to 42%) or switch their long-distance company to get a cheaper rate (increases from 47% to 51%). Even across age groups, awareness of savings opportunities is consistently related to only a slight increase in the percent of respondents who say they use potential cost-saving methods.

## I. Awareness of Costs

Figure 23. Percent of Respondents Who Do Not Pay Much Attention to How Much Long-Distance Phone Service Costs Them Each Month

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998

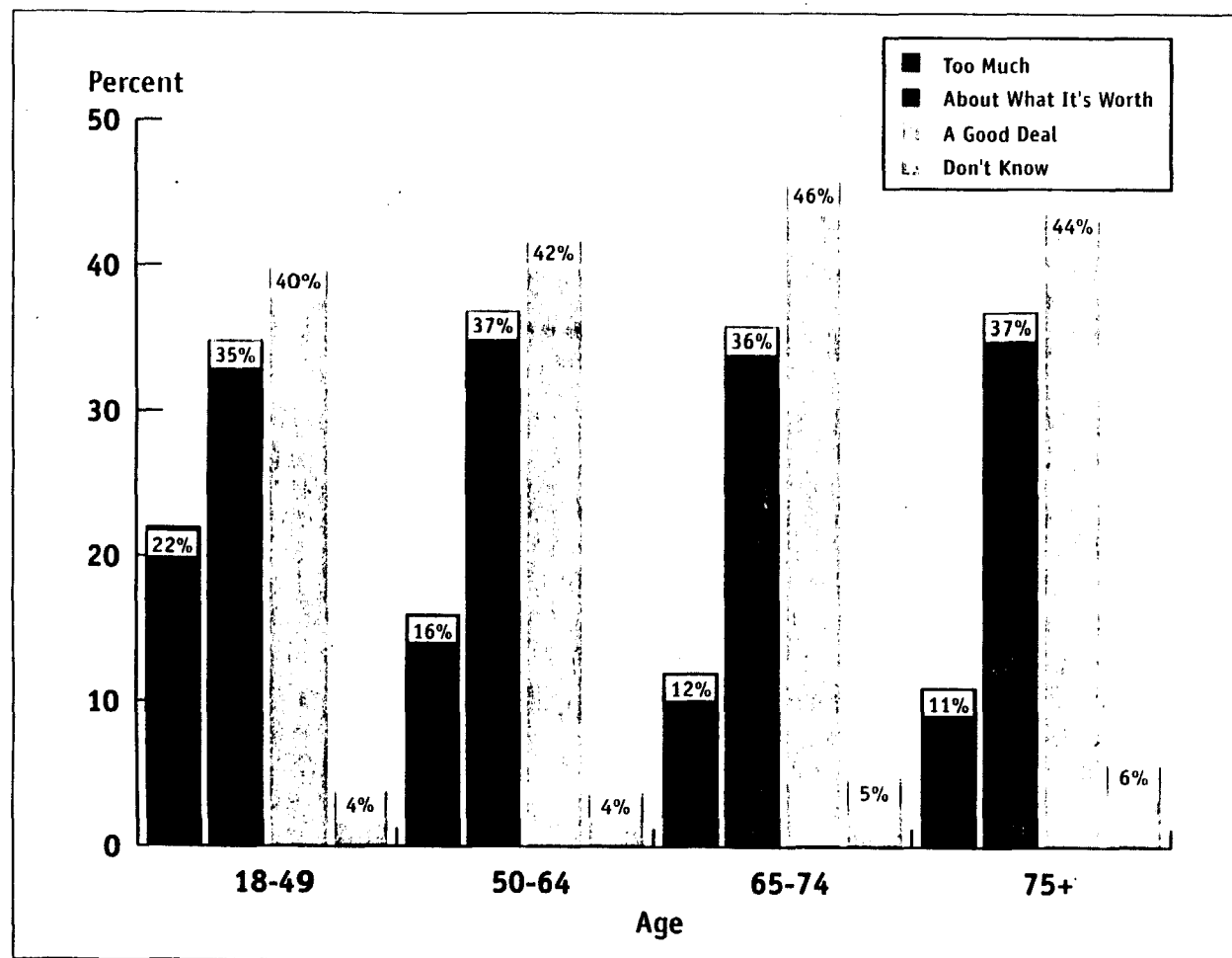


Many respondents said they do not pay much attention to how much they pay for long-distance service each month. This included close to one-half of respondents age 75+.



**Figure 24. Respondents' Perceptions of the Cost to Make Long-Distance Telephone Calls**

Source: AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-Related Options, Winter 1997-1998



Among all long-distance callers, more than three in four indicated that they are either paying about what the service is worth or getting a good deal.

## Summary of Findings

- More long-distance callers age 18-49 (58%), as compared to those age 65 or over (39%), say they have switched their provider of long-distance service to get a cheaper rate.<sup>10</sup>
- While nearly half of long-distance callers age 18-49 report that they search among long-distance telephone service providers for the least expensive rate, less than a third of those age 65 or over do.
- Relatively few long-distance callers age 18-49 (41%) and even fewer age 65 or over (26%) report that they subscribe to a discount calling plan.
- More than seven in 10 respondents age 18-49, but fewer than half of respondents age 65 or over who use one or more of the three cost-cutting methods (see Figure 14) know how much it is saving them.
- Among respondents who say they do not use cost-cutting methods, fewer of those age 18-49 (37%), as compared to those age 50 or over (62%), say they do not know how much money they would have to save on their monthly long-distance bill to make it worthwhile to use one or more of the three cost-cutting methods.
- While insufficient savings is the most commonly cited reason for not using one or more of the three cost-cutting methods, seven in 10 respondents do not identify this as a primary reason, a finding which is consistent across age groups.
- Just six in 10 of all respondents and about four in 10 of those age 75+ are aware of any ways they can save money on long-distance calling.
- Awareness of ways to save on long-distance calling only marginally increases the likelihood that a respondent, regardless of age, will use any of the cost-saving methods discussed in this report.
- A significant percentage of long-distance callers (37%) do not pay attention to how much long-distance telephone service costs them each month; callers age 75+ (48%), in particular, do not pay attention to these costs.
- More than three in four respondents report that they are either getting a good deal on their long-distance service or paying about what the service is worth, a finding that is consistent across age groups.
- Considerably more respondents age 18-49, as compared to those age 65 or over, subscribe to call-waiting (55% vs. 18%) and to online services via a computer and a modem (31% vs. 9%).

In today's telecommunications industry, long-distance callers first choose a long-distance provider through their local telephone company when their telephone is connected. No further action, other than paying the monthly bill, is necessary to make long-distance calls from home. However, long-distance callers have a number of other telephone-related options that could save them money on their monthly bills or allow them to enjoy additional services. Regrettably, many callers and particularly older callers do not take advantage of these options. This report suggests that a primary reason for this behavior is that long-distance callers are misinformed and/or lack essential information about their telephone-related options. As a result, they pay unnecessarily high rates for long-distance service and miss out on useful services.

Subscribing to a discount calling plan, for example, is one of the easiest and best options available for long-distance callers to save money on long-distance calling. While it does not require callers to cut back on their usage or receive inferior service, subscribing to a discount calling plan would save even low-volume callers 25 percent on their monthly bill, according to the United Homeowners Association.<sup>11</sup> Despite the substantial savings and ease of use, only 38 percent of all long-distance callers and only 26 percent of callers age 65 or over say they belong to a discount plan.

Long-distance callers give a number of reasons for not using a cost-cutting method such as a

discount calling plan. Their explanations, however, indicate that they do not fully understand the pricing of and potential savings on their long-distance telephone service. Some callers even acknowledge their lack of information and report that they "don't know," "don't understand how they work," or "are not aware of them." Even the six in 10 long-distance callers who say they are aware of various cost-saving methods report only marginally higher usage of the various methods to obtain those savings.

Other reasons given for not using a cost-saving method include "do not want to switch long-distance service providers," "concerned it takes too much time," "can afford the charges," or "do not believe the savings are big enough." These responses also imply that long-distance callers do not understand how simple it is to use a discount calling plan and the amount of money it can save.

Almost half of long-distance callers who pay basic (non-discount) rates have no idea how much they would have to save to make it worthwhile to use a cost-cutting method, further evidence that they are not well-informed. Even those who pay basic rates and know how much they would have to save to use a cost-cutting method appear to lack accurate information. On average, the amount of money that these callers estimate they would need to save to use a cost-cutting method is less than the amount that callers who currently use these methods report they are saving.

## Conclusion

It is not just callers who pay basic rates, however, who lack essential information. Even callers who do use one or more of the cost-cutting methods appear to lack information. In fact, many of them report that they do not know how much they are saving by avoiding basic rates.

Finally, one finding may appear inconsistent with the various findings that show lack of usage of cost-savings methods. More than three in four long-distance callers say that they are either paying about what the service is worth or getting a good deal. One might conclude from this that no further action is needed to inform them of opportunities for further savings.

An alternative conclusion is that callers simply do not realize that they could be paying less. Two findings in this report seem to support this second conclusion. First, nearly four in 10 callers do not pay attention to how much their long-distance service costs them each month. Callers who do not know how much they are paying for long-distance service are not well-informed judges of whether they are getting a good deal or paying what the service is worth. Second, just under half of all long-distance callers and less than a third of those age 65 or over report that they search among long-distance telephone service providers for the least expensive rate. Callers who do not compare rates are not well-informed judges of whether they are getting a good deal or paying what the service is worth.

## Policy Options

Many long-distance callers and particularly older callers do not take advantage of opportunities to save money on their monthly long-distance bills. The following changes could help all long-distance callers become better informed about the cost of the various long-distance calling options and avoid paying unnecessarily high rates:

- The federal government could require uniform price disclosures on monthly long-distance bills to make comparison shopping easier for consumers. In particular, the government could ensure that all monthly bills include a clear and conspicuous section that identifies the following information about the consumer's current calling plan: the name of the plan, the price per minute to make long-distance calls (if the price varies by time of day, each different rate should be listed), and any monthly fees and/or minimums.
- The federal government could require each long-distance service provider to include on monthly bills its lowest cost calling plan for which the customer is eligible. Monthly bills also could include a toll-free telephone number to enable customers to find out what they would have paid had they subscribed to any of the provider's plans during the previous billing period.
- State policymakers could create and fund customer education programs for telecommunications competition, with specific resources allocated for educating consumers about discount calling plans and other options, rights and responsibilities in using long-distance service.

## Annotated Questionnaire

This questionnaire is the property of: International Communications Research, Media, PA 19063. EXCEL Job #M651, December 18, 1997

AARP SURVEY OF OLDER PERSONS' USE OF DISCOUNT RATES FOR LONG-DISTANCE TELEPHONE CALLS

(INSERT RUNS FOR 12 WAVES AS FOLLOWS: FOR WAVE 1 ASK ALL AGE 18+, FOR WAVES 2 THROUGH 3 ASK OF ALL AGE 50+, FOR WAVES 4 THROUGH 7 ASK OF ALL AGE 65 + , FOR WAVES 8 THROUGH 12 ASK OF ALL AGE 75+ .)

**LD-1. Now I'd like to ask you some questions about your use of telephones. Do you ever make long-distance telephone calls from your home? (n=2,369)**

85% 1	Yes	CONTINUE
15% 2	No	GO TO NEXT SECTION OF EXCEL
- D	Don't know	GO TO NEXT SECTION OF EXCEL
- R	Refused	GO TO NEXT SECTION OF EXCEL

### Long-Distance Usage

**LD-2. Can you tell me how many telephones you have in your household? By this, I mean actual phones, not telephone lines. (n=1,997)**

\_\_\_\_ ENTER # 1-9

- D	Don't know
- R	Refused

16% 1  
34% 2  
23% 3  
15% 4  
13% 5 or more

**LD-3. Is this/Are these telephone(s) touch tone telephones or rotary (dial) telephones? (n=1,997)**

90% 1	Touch tone only
3% 2	Rotary only
7% 3	Have both touch tone and rotary
- D	(DO NOT READ) Don't know
- R	(DO NOT READ) Refused

**LD-4. Do you own your telephone(s) or do you rent it/them? (n=1,997)**

95% 1	Own	SKIP TO Q. 7
2% 2	Rent	CONTINUE
2% 3	Both own and rent	CONTINUE
- D	Don't know	SKIP TO Q. 7
- R	Refused	SKIP TO Q. 7

**LD-5. How much per month do you pay to rent your telephone(s)? (adjusted to price per telephone) (n=122)**

\_\_\_\_ ENTER \$ AMOUNT 1-400

12%	\$5 or less
22%	\$5.01 - \$10
13%	\$10.01 - \$15
5%	\$15.01 - \$20
4%	\$20.01 or more
- D	Don't know
- R	Refused

(IF Q.2 IS 2+ AND \$ AMOUNT GIVEN IN Q.5, ASK Q.5a.)

## Appendix

**LD-5a. Just to verify, is that (Q. 5 \$ AMOUNT) per phone, or is that the total you pay per month for (IFQ. 2 = 2: both/IF Q. 2 = 3 +: all) your phones?**

- 1 Amount per phone
- 2 Total for all phones
- D Don't know
- R Refused

**LD-6. Why do you rent your telephone(s)? (n=122)**

(DO NOT ACCEPT "TO HAVE A PHONE", PROBE: "WHY DO YOU RENT, RATHER THAN OWN?")

(DO NOT READ, RECORD ALL THAT APPLY.)

- 30% Repairs/phone company pays for repairs
- 27% Price/Cheaper than buying
- 9% Never got around to buying phone(s)
- 2% Didn't know I could purchase
- 6% Easier than buying
- 3% Business phone
- 14% Don't know
- 5% Habit
- R- Refused

**LD-7. Do you subscribe to any of the following telephone services? (n=1,997)**

- 1 Yes
- 2 No
- D Don't know
- R Refused
- 47% a. Call-waiting?
- 14% b. Call blocking?
- 26% c. Online access to a computer via a modem?

**LD-8. About how many long-distance calls do you make in a typical week? (n=1,997)**

\_\_\_\_ ENTER #1-99

- 13% 00 Less than 1
- 3% D Don't know
- R Refused
- 18% 1
- 16% 2
- 11% 3
- 6% 4
- 10% 5
- 3% 6
- 3% 7
- 2% 8
- 5% 10
- 5% 11-15
- 3% 16-20
- 3% 21+

ASK Q. 8a.

**LD-8a. (If less than 1 per week) How many long-distance calls do you make in a typical month? (n=356)**

\_\_\_\_ ENTER #1-99

- 16% 00 Less than 1
- 3% D Don't know
- R Refused
- 33% 1
- 33% 2
- 10% 3
- 5% 4

**LD-9. Do you ever make international calls to someone in another country?**

- 20% 1 Yes
- 80% 2 No
- D Don't know
- R Refused

**LD-10. Which company provides you with your long-distance telephone service?**

(n=1,997)

(DO NOT READ, RECORD ONE.)

63%	1	AT&T
12%	2	MCI
5%	3	Sprint
	4	Other (SPECIFY)
		3% Excel
		3% GTE
		2% LCI
		1% Ameritech
		1% Touch Tel
		(Others each under 1%)
4%	D	Don't know
-	R	Refused

**LD-11. Before you opened your account with (Q.10 COMPANY), did you shop around to get the best price you could get? (n=1,997)**

45%	1	Yes
51%	2	No
3%	D	Don't know
-	R	Refused

**LD-12. Who usually pays the long-distance telephone bills in your household?**

67%	1	Respondent
22%	2	Spouse
6%	3	Another family member
5%	4	Other
1%	D	Don't know
-	R	Refused

**LD- 13. Have you yourself paid a long-distance telephone bill within the past two months?**

73%	1	Yes
26%	2	No
1%	D	Don't know
-	R	Refused

**LD-14. Do you, or does someone else in your household pay close attention to how much your long-distance phone charges cost you each month, or is this something you don't pay much attention to?**

63%	1	Pay close attention
37%	2	Don't pay much attention
1%	D	Don't know
-	R	Refused

**LD-15. About how much per month do you pay for your *long-distance* calling? (That is, just the portion of your bill for long-distance calls, not your total phone bill.)**

\_\_\_\_ ENTER \$ AMOUNT 1-500

00		Less than \$1.
3%	D	Don't know
-	R	Refused

ASK Q. 15a

ASK Q. 15a

**LD-15a. (IF DK/REF) Is it approximately?**

31%	1	Less than \$15
17%	2	Between \$15 and \$25
13%	3	Between \$25 and \$35
7%	4	Between \$35 and \$45
8%	5	Between \$45 and \$55
4%	6	Between \$55 and \$65
2%	7	Between \$65 and \$75
14%	8	\$75 or more
Mean		=\$44
Median		=\$23

**LD-16. If you needed to cut back on expenses for any reason, would you cut back on your use of long-distance telephoning?**

43% 1 Yes  
 56% 2 No  
 1% D Don't know  
 - R Refused

**LD-17. In general, do you feel you pay too much for long-distance telephoning, just about what it is worth to you, or do you think you're getting a good deal?**

19% 1 Too much  
 36% 2 About what it's worth  
 42% 3 A good deal  
 4% D Don't know  
 - R Refused

**LD-18. Have you ever switched long-distance telephone companies in order to get a cheaper rate?**

54% 1 Yes  
 45% 2 No  
 - D Don't know  
 - R Refused

**LD-19. Have you recently seen or heard any advertising about long-distance telephone companies offering discounts or special rates for long-distance calls?**

88% 1 Yes  
 12% 2 No  
 - D Don't know  
 - R Refused

CONTINUE  
 SKIP TO Q. 21  
 SKIP TO Q. 21  
 SKIP TO Q. 21

**LD-20. In general, how much attention do you pay to such advertisements — would you say a great deal, some, not very much, or none at all?**

7% 4 A great deal  
 23% 3 Some  
 38% 2 Not very much  
 32% 1 None at all  
 - D (DO NOT READ) Don't know  
 - R (DO NOT READ) Refused

**LD-21. Are you aware of any ways by which you can save money on your long-distance calls?**

61% 1 Yes  
 38% 2 No  
 1% D Don't know  
 - R Refused

**LD-22. People have tried to save money on their long-distance bills in several ways. Do you presently save money on long-distance calls by...?**

(READ LIST. RECORD ALL THAT APPLY.)

38% 1 belonging to a discount plan offered by your long-distance company  
 15% 2 dialing a special five-digit number before making long-distance calls  
 51% 3 calling at times of the day or during days of the week when long-distance rates are lower than full price  
 20% N (DO NOT READ) None of these  
 2% D (DO NOT READ) Don't know  
 - R (DO NOT READ) Refused

SKIP TO Q. 24  
 SKIP TO Q. 24  
 SKIP TO Q. 24



**LD-23. How much do you estimate you save per month by taking advantage of this/these way(s) to save money on long-distance calling?**

\_\_\_\_ENTER \$ AMOUNT AND/OR SKIP TO Q.26

\_\_\_\_ENTER CENTS (1-99)

SKIP TO Q.26

- N Nothing

SKIP TO Q.26

36% D Don't know

SKIP TO Q.26

- R Refused

SKIP TO Q.26

Median = \$10

Mean = \$18

**LD-24. Why is it you don't use any of these ways to save money on making long-distance calls?**

(DO NOT READ LIST. RECORD ALL THAT APPLY.)

(DO NOT ACCEPT "INCONVENIENT." PROBE: "WHAT ABOUT IT? DO YOU FIND TO BE INCONVENIENT?")

6% 1 Not aware of them

6% 2 Too difficult/complicated to use/don't understand how it works

5% 3 Forget to do so/don't remember/don't think of it in time

31% 4 Doesn't make a big enough difference in cost

24% 5 Too much trouble/takes too much time

24% 6 Don't need to/can afford my charges

5% 7 Would have to switch long-distance service providers

8 Other (SPECIFY)

7% Too restrictive

3% No interest in changing

10% D Don't know

1% R Refused

**LD-25. About how much, or what percent, would you have to save on your monthly long-distance telephone bill to make it worth your while to sign up for or use a way to save money on long-distance calling?**

\_\_\_\_ENTER \$ AMOUNT

47% D Don't know

- R Refused

Median = \$8

Mean = \$13

**LD-26. How would you feel if you found out that you paid a higher amount for exactly the same long-distance telephone service someone else uses for less money?**

(READ LIST. RECORD ONE RESPONSE.)

43% 1 Wouldn't mind

23% 2 Wouldn't like it/would be upset

10% 3 Would think it is unfair

16% 4 Would feel cheated

7% D (DO NOT READ) Don't know

1% R (DO NOT READ) Refused

**LD-27. Are you or is anyone else in your household a member of AARP, the American Association of Retired Persons, or of NRTA, the National Retired Teachers Association?**

53% 1 Yes

47% 2 No

- D Don't know

- R Refused

## Footnotes

- 1 Lee, Dwight R., "Charging For Residential Long-Distance Service: Who Is Paying Too Much?," United Homeowners Association, July 3, 1997.
- 2 Thirty-four respondents refused to provide their age for this survey, which is the reason that the sum total of the respondents from the four age groups equals 1,963 and not 1,997. Thus, findings that are compared across different age groups represent the answers of 1,963 respondents, while findings for which no such comparison has been made represent the answers of up to 1,997 respondents.
- 3 Weighting is a procedure applied to survey data when the characteristics of the sample (for example, the people included in a sample survey) diverge from the population from which the sample is drawn. Often these population characteristics are demographic in nature, including, for example, gender, age, or race. Sometimes the divergence is intentional, as in cases where particular subgroups are deliberately "oversampled" to insure, for analytic purposes, that there are enough members of the subgroup (for example, persons age 75 and older) in the sample. In order to project the findings from a sample survey to the population in question, the data from each sampled unit or individual must be adjusted (multiplied by a factor ranging from less than 1.0 to more than 1.0). For example, if 40 percent of the sample consists of persons within an age group that occurs in only 10 percent of the population, then the contribution of the findings from this subgroup to the survey findings as a whole must be adjusted downward to compensate for its overrepresentation in the sample.
- 4 Lee, Dwight R., "Charging For Residential Long-Distance Service: Who Is Paying Too Much?," United Homeowners Association, July 3, 1997.
- 5 *Ibid.*
- 6 Thirty-four respondents refused to provide their age for this survey, which is the reason that the sum total of the respondents from the four age groups equals 1,963 and not 1,997. Thus, findings that are compared across different age groups represent the answers of 1,963 respondents, while findings for which no such comparison has been made represent the answers of up to 1,997 respondents.
- 7 Weighting is a procedure applied to survey data when the characteristics of the sample (for example, the people included in a sample survey) diverge from the population from which the sample is drawn. Often these population characteristics are demographic in nature, including, for example, gender, age, or race. Sometimes the divergence is intentional, as in cases where particular subgroups are deliberately "oversampled" to insure, for analytic purposes, that there are enough members of the subgroup (for example, persons age 75 and older) in the sample. In order to project the findings from a sample survey to the population in question, the data from each sampled unit or individual must be adjusted (multiplied by a factor ranging from less than 1.0 to more than 1.0). For example, if 40 percent of the sample consists of persons within an age group that occurs in only 10 percent of the population, then the contribution of the findings from this subgroup to the survey findings as a whole must be adjusted downward to compensate for its overrepresentation in the sample.
- 8 Pursuant to a ruling by the Federal Communications Commission, all discount codes must now include seven digits.
- 9 Subscribing to a discount calling plan, (2) calling during off-peak times when long-distance rates are lower than full price, or (3) dialing a special five-digit number before making a long-distance call.
- 10 Despite the emergence of competition in the long-distance telephone industry, many long-distance callers age 18-49 (61%) and even more age 65 or over (72%) are customers of AT&T.
- 11 Lee, Dwight R., "Charging For Residential Long-Distance Service: Who Is Paying Too Much?," United Homeowners Association, July 3, 1997.



AARP, celebrating 40 years of service to Americans of all ages, is the nation's leading organization for people age 50 and older. It serves their needs and interests through information and education, advocacy, and community services which are provided by a network of local chapters and experienced volunteers throughout the country. The organization also offers members a wide range of special benefits and services, including *Modern Maturity* magazine and the monthly *Bulletin*.

